FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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The pressures for change facing King Fahd, Page 18

NEWS SUMMARY

GENERAL

London, Moscow diplomats expelled

Britain has ordered a senior Soviet diplomat in London to leave the country, and Moscow has retaliated by expelling a British diplomat.

The Soviet first secretary in London, Arkady Gouk, was named as a KGB officer at last month's trial of British secret serviceman Michael Bettaney on charges of offering secrets to the Soviet Union.

Mr Gouk was ordered out under the Vienna convention, which allows an expulsion without a reason being given.

The British diplomat to leave Moscow is first secretary John Burnett, who was in charge of security at the British embassy. Ambassador Sir Ian Sutherland said his expulsion was completely unjustified.

Air chief killed

Chief of the Soviet Air Defence Forces, Col-General Semyon Romanov, was killed while on duty in Moscow. Western military experts believe he gave the order to shoot down a South Korean airliner in September, when 269 people were killed. Page 2

Bombay curfews

Police put curfews on three more areas of Bombay as 15 more died in Hindu-Moslem clashes, bringing the five-day death toll in Maharashtra state to 125. Premier Indira Gandhi's Congress (I) Party won only eight of 24 by-elections in 14 states. Page 4

Turkish death verdict

Turkish military court, trying 191 alleged extremists with murder, treason and other offences, sentenced 13 to death, jailed 94, acquitted 79, and deferred five cases.

Spanish trawler held

A French patrol vessel fired blank shots and threatened to open fire before arresting a Spanish trawler on suspicion of illegal fishing in the French part of the Bay of Biscay.

UK coal blockade

The Mineworkers' International Federation said that its members have agreed to support a coal blockade on Britain, following a UK miners' union request. Peace talks begin in London today to try to solve the 11-week dispute. Page 7

Sidon incidents

Gunmen in a car opened fire on two Israelis in a car near Sidon and wounded them. In the city, three Lebanese were wounded by a grenade thrown by a member of the Israeli-backed "South Lebanon Army."

Argentine accord

President Raul Alfonsin and Sra Maria Estela Peron, leader of the opposition Peronist Party, reached broad agreement on the need to collaborate on seeking solutions to economic and political problems. Page 4

German refugee deal

West Germany is delivering DM 150m ($54m) of oil and raw materials to East Germany in exchange for the 25,000 East Germans allowed to emigrate to West Germany since January. Page 2

Briefly...

Finland's Premier three times, and three times Speaker, social democrat Karl-August Fagerholm, died aged 82.

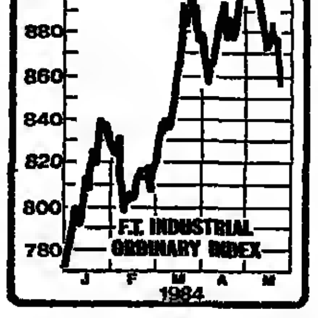
Ian Rodger, FT writer was named as Blue Circle industrial writer of the year and industrial feature writer of the year.

BUSINESS

Jaguar car group sell-off this year

UK GOVERNMENT approved the sale to the public later this year of Jaguar, the luxury car subsidiary of the state-owned BL motor group. It also announced the closure of the BL Leyland truck plant at Bathgate, in Scotland, at a cost of 1,770 jobs in two years. Page 20

WALL STREET: Dow Jones industrial average was down 8.69 to 1,118.62 at the close. Report Page 35. Full share prices, Pages 36-38.



LONDON: FT Industrial Ordinary index fell 19.9 to 856.3. Government securities showed falls averaging just over 0.5 per cent. Report, Page 39. FT Share Information Service, Pages 40-42.

DOLLAR lost ground yesterday, although the extent was limited by Middle East tension and the relative strength of U.S. interest rates. It fell to DM 2.744 (DM 2.757), FFr 8.44 (FFr 8.475) and SwFr 2.267 (SwFr 2.271), but improved to Y233.35 (Y233.05). Its Bank of England trade-weighted index fell from 131.7 to 131.4. In New York it closed at DM 2.7335, FFr 8.4075, SwFr 2.2622 and Y232.9. Page 45

STERLING weakened, falling 25 points to $1.389, and to DM 3.815 (DM 3.84), FFr 11.72 (FFr 11.79), SwFr 3.1525 (SwFr 3.1625), and Y324.25 (Y324.5). Its trade weighting fell from 80.5 to 80. In New York it was $1.389. Page 45

GOLD fell $1.75 to $378 in London, by $1 in Frankfurt to $379.5, and by $0.75 in Zurich to $380.5. Page 44

In New York, the May Comex settlement was $379.7 ($379.1).

TOKYO: Nikkei Dow index fell 103.03 to 10,061, at one time dipping below 10,000 for the first time for three months. The Stock Exchange index dropped 8.2 to 790.28. Report, Page 35. Leading prices, other exchanges, Page 38.

BRAZIL'S central bank ordered the winding-up of financial groups Haspa and Letra, whose liabilities are estimated at over Cr 1000bn ($655m). Page 21

ITT is to invest $4.8bn in Europe in the next five years in research, development, and capital spending. Page 21

KREDIETBANK, third largest Belgian bank, improved profits for the year ending March by 11.8 per cent to BFr 1.9bn ($339m). Page 21

THE LIMITED, U.S. stores group, has withdrawn its $1.3bn bid for rival Carter Hawley Hale, but says it may return and that it is considering other acquisitions. Page 21

SPAIN'S chief negotiator on joining the EEC, Manuel Marin, said terms for entry were unacceptably one-sided.

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

U.S. COMMODITY BROKER'S DEAL VALUED AT $1BN

Phibro-Salomon may sell non-oil business to staff

BY PAUL TAYLOR IN NEW YORK AND JOHN EDWARDS IN LONDON

PHIBRO-SALOMON, the New York based commodities and investment banking group which owns what is probably the world's biggest single commodity trader, is considering selling its non petroleum commodity trading business to a group of employees.

The deal with a potential purchase price estimated on Wall Street a more than $1bn would create a major new independent force in the international commodity markets with annual revenues of at least $9bn. It would represent a partial reversal of Phibro's 1981 purchase of Salomon Brothers for $554m.

Phibro-Salomon, which had net earnings last year of $470m on revenues of $29.8bn, gave only brief details of the discussions yesterday. At lunchtime, the shares were trading at $26, down $1.75 from the previous day's closing price.

In a two paragraph prepared statement, the group said it was studying with the assistance of Lazard Freres, "the possible sale of its Philipp Brothers' non petroleum commodity trading operations to a new company organised by the management and employees of the unit."

Phibro-Salomon added that "no determination with respect to such a transaction bas been made."

The announcement appeared to surprise Wall Street analysts who noted that the Philipp Brothers' commodity trading business bas recently been picking up following a set of poor, although recession-related results over the past few years.

However they suggested that the move migbt reflect the concern of the Philipp Brothers commodity trading wing of the business, which was spun off from Engelhart Minerals and Chemicals in 1980 under the name Phibro, to revert to the more comfortable status of being a private firm. This would put it on the same footing as most other major commodity traders, and would remove it from the spotlight drawn by Salomon Brothers' operations.

Since the merger of Salomon Brothers with Phibro, Salomon has increasingly become the dominant partner in the group, contributing $415m to Phibro-Salomon's $617m in pre-tax earnings last year, although its revenues continue to be dwarfed by those of Philipp Brothers, which probably ranks as the world's largest commodity trader.

Last year, however, Philipp Brothers pre-tax earnings grew by 50 per cent and revenues increased by 12 per cent to $27.2bn.

Revenues from oil trading and transport accounted for 67 per cent of the total revenues but Philipp Brothers' non-oil commodity trading business in such materials as precious metals, ferrous metals, agricultural products and other industrial raw materials are thought to operate on considerably higber margins.

Hard facts and figures about the activities of Phibro are hard to come by. Like most other commodity trading groups it is highly secretive, preferring not to give away any information that might be of use to its competitors.

Oil is its most important trading activity, but its share of the total

Continued on Page 20

IG Metall to reopen talks despite lock-outs

BY JAMES BUCHAN IN BONN

EMPLOYERS in south-west Germany yesterday locked out at least 65,000 workers in key industries in what they said was a response to the nine-day strike by engineering workers for a 35-hour working week.

Despite the lock-outs at all major engineering plants in north Baden-Württemberg, employers and the 2.8m-strong IG Metall engineers union will reopen talks tomorrow in Stuttgart on the dispute which has almost crippled the German motor industry.

The DGB trades union federation bas called for what amounts to a general strike in the region around Stuttgart this afternoon in support of IG Metall and its campaign for a 35-bour week.

Despite the expansion of the strike to the area around Frankfurt on Monday, and the tens of thousands more out of work because of plant closures in the motor industry, the Government is still banking on a speedy solution.

"I think it will be solved this week or next," Herr Norbert Blüm, the Labour Minister said.

Gesamtmetall, the engineering employers' federation, at first rejected talks at regional level, apparently anxious to maintain its unity in the face of the strike. However, a respresentative of the federation will be present at the Stuttgart talks, which will certainly be the basis of any national solution.

Herr Karl Otto Pöhl, president of the Bundesbank, the indepeodent central bank, yesterday called on both sides to do everything possible "to end the dispute soon and limit the damage." He said be was speaking because of the Bundesbank's "special responsibility" for the stability of the D-Mark.

● *A sbortage of car components* from West Germany will force General Motors in Antwerp – Belgium's largest car assembly plant – to stop production today and threatens to cause more shutdowns later, Reuter reports from Brussels.

Spokesmen at four of Belgium's five car assemblers said the strike of West German metalworkers had virtually halted supply of vital car components.

They said the strike could eventually damage Belgium's car industry, which turned out 970,000 cars last year and which employs about 37,500 workers.

An official at General Motors-Belgium said the company's two passenger car assembly plants in Antwerp would shut down today and 8,500 out of 12,300 workers would be laid off.

The Brussels-based Volkswagen factory, which employs 4,500 workers, will turn out its normal daily quota of 660 passenger cars until Friday. But electrical components are running short and output is likely to be stopped next week.

Stock markets, Page 35

Malaysia to recover control of last British-owned plantations

BY RAY MAUGHAN IN LONDON

THE LAST British owned plantation companies in Malaysia bave agreed terms of a deal worth over £90m ($124m) which will transfer control of their rubber and palm oil estates to the Malaysian authorities.

The deal comprises 10 companies, eigbt of which are listed on the London Stock Exchange, which will be acquired by Harrisons Malaysian Plantations Berhad (HMPB) wbich, in turn, is 58.5 per cent controlled by Permodolan Nasional Berhad (PNB), the state-backed investment agency.

Harrisons & Crosfield, one of Britain's largest traditional plantations companies, will realise about £20m from this transaction and will retain a 30 per cent stake in HMPB which is the maximum holding permitted to a foreign company under the New Economic Policy of Malaysia.

The companies are Castlefield (Klang) Rubber Estate, Holyrood Rubber, Kuala Selangor Rubber, Sogomana Group, Doranakande Rubber Estates, Kinta Kellas Rubber Estates, Malaysia Rubber Sungei Bahru and two private companies Nalek Rubber Estate and Edensor Rubber Estate. Between them, the companies own 13,000 hectares of plantation acreage.

HMPB revealed yesterday that it will issue over 69m new shares in consideration for all but one of these companies, Edensor, which will require a casb payment of £3.18m for a 62.8 per cent interest, although N M Rothschild bas arranged a full casb alternative. HMPB sbares were quoted in London last night at 128p, down 6p, which values the consideration at almost £92m and the entire company at £560m after the acquisitions.

The new economic policy was started in 1970 and has aimed for control of all the plantation acreage owned by foreign companies. PNB bas already been instrumental in acquiring Guthrie Corporation, Barlow Holdings and Dunlop's rubber interests in Malaysia.

Harrisons & Crosfield took a 30.3 per cent stake in HMPB in June 1982 wben control of its Harrison Malaysian Estates (HME) subsidiary was transferred from London to PNB in a deal which valued HME at £294m.

Discussions have been under way since for the acquisition of 10 other plantation companies in which Harrisons & Crosfield has substantial stakes, or cross holdings.

The final terms, which bave been struck at or near asset value, have bad to take account of the fact that Harrisons & Crosfield has substantial stakes in some companies, small direct boldings in four others (all of which have cross boldings in eacb other) and full control of others.

Channel link plan doused with cold water

By Hazel Duffy in London

THE STUDY by five British and French banks into the financing of a direct link across the Channel has been doused with cold water by the Britisb Government and met only a slightly warmer response from the French Government.

Mr Nicholas Ridley, UK Transport Secretary, said the banks' proposals failed to meet the fundamental requirement thet finance would have to be raised without the assistance of public funds or commercial guarantees by the Government.

He said the Government "remains willing to consider facilitating a fixed link, in collaboration with the Frencb Government, provided that the necessary financial, technical and other aspects are satisfactorily dealt with."

The French Government greeted the banks' report in a more positive spirit, but its polibcal support for a Channel link is equally constrained by the need for it to be financed without recourse to public funds or guarantees, at a time when it is short of money for industrial regeneration.

The banks' study comes out firmly in favour of a twin tunnel with rail and roll on/roll off facilities as the scheme most likely to be acceptable to the financial markets on cost and technical grounds.

The basic construction cost, allowing for inflation and capitalised interest by 1993, the planned date of opening, would be around £6.5bn ($9bn) for the twin tunnel, compared with £24.8bn for a bridge/tunnel (the EuroRoute proposal) and £13.5bn for a suspension bridge.

The five banks, Midland and Nat West of the UK and Crédit Lyonnais, Banque Indosuez and Banque Nationale de Paris, suggest two alternative ways of financing the twin tunnel, both of them comprising a mixture of equity capital, bond issues and loan facilities.

Government guarantees would be required at three points: for cost overruns beyond a certain point; the conversion of debt into revenue bonds presume a government guarantee to give the bonds the necessary financial rating; and in one of the proposals, government guarantees would be needed in the event of the scheme failing to go ahead after the development stage.

Such guarantees would involve a greater commitment to a Channel link than the UK Government wishes to make.

Bankers revive the Chunnel dream, Page 8; Editorial comment, Page 18.

French trade gap reaches FFr 17.37bn

BY PAUL BETTS IN PARIS

FRANCE suffered a sharp deterioration in its trade deficit last month and saw its balance of payments current account return into deficit again during the first quarter of this year.

M Jacques Delors, the French Economy and Finance Minister, did not disguise his surprise and disappointment yesterday at what he acknowledged were bad trade figures.

The trade deficit last month, on a seasonally adjusted basis, amounted to FFr 4.4bn ($519m) compared with a deficit of FFr 2.8bn the month before. This brings the total trade deficit so far this year to FFr 17.37bn. This is close to the Government's target to bold down the trade deficit to between FFr 20bn and FFr 25bn for the whole of 1984. The trade deficit last year was FFr 43bn.

The balance of payments current account sbowed a deficit of FFr 10.9bn on a seasonally adjusted basis for the first quarter of this year after a surplus of FFr 2.6bn in the last quarter of 1983. The latest quarterly deficit was lower than the FFr 25.8bn deficit in the first quarter of last year, bowever.

M Delors said he was surprised by these bad results because they came at e time when the franc was performing well in the foreign currency markets. "April was the best month in the foreign exchange markets since I have been Finance Minister," M Delors said yesterday.

M Delors said France's official reserves had increased by FFr 3.33bn last month to total FFr 433.43bn at the end of April. Foreign exchange reserves rose by FFr 4.27bn last month to total FFr 79.57bn at the end of April. At the end of April of last year the foreign currency reserves amounted to FFr 43.96bn. Among the factors behind the April improvement, M Delors said, were the investment of non-resident capitals in France.

The principal cause of the worsening trade deficit last month was a decline in the export performance of the French industrial sector, according to M Delors. The industrial sector – excluding sales of defence equipment, which were normal – saw its overall monthly surplus decline to FFr 6.3bn in April after averaging FFr 9bn a month during the first three months of the year. The April figure had thus fallen back to the moothly level of the last six months of 1983, when the industrial surplus averaged FFr 6bn to FFr 7bn a month.

M Delors argued that it would be premature to say that French industry was not capable of meeting

Continued on Page 20

Saudis reject U.S. military aid in Gulf

BY REGINALD DALE IN WASHINGTON AND RICHARD JOHNS IN LONDON

SAUDI ARABIA has declined a U.S. offer of direct military assistance in protecting Gulf oil traffic against the threat of Iranian attacks. It says it will rely on its own potential and that of its Arab allies for the time being.

Administration officials in Washington said yesterday President Ronald Reagan had reaffirmed the American offer in a letter to King Fahd.

The Saudi monarch's polite and caubous refusal of American assistance is understood to have been given on Monday to Mr Richard Murphy, Assistant Secretary of State for the Middle East, who delivered Mr Reagan's letter.

Riyadh is not prepared to provide – except possibly as a last resort – U.S. bases on its soil, whicb is one of two conditions laid down by Washington for the involvement of American forces.

The view of Saudi Arabia, supported by Kuwait and other members of the Gulf-Co-operation Council (GCC) is that any direct U.S. intervention at this stage would further raise tension in the region and so be dangerously counter-productive. It would also risk provoking opposibon at bome, especially from religious fundamentalists and minority Shi'ite communities.

While maintaining a facade of military confidence, Saudi Arabia and its allies in the Gulf are giving priority to intensified diplomatic pressure and, in particular, a special session of the U.N. Security Council.

Pressure for change facing King Fahd, Page 18; Building up a panic oil stock buffer, Page 11.

CONTENTS

David Buchan, East Europe correspondent, explains why after 13 years, a meeting is planned next month

Scent of Soviet success prompts Comecon summit

PRESIDENT Konstantin Chernenko has given the green light for party leaders from the other nine Comecon countries—the six East European states plus Cuba, Vietnam and Mongolia—to meet in Moscow next month. This Comecon summit has been rumoured on and off for nearly three years, and will be, astonishingly to those for whom summitry conjures up EEC leaders gathering several times a year, the first since 1971.

The relative speed of Mr Chernenko's move, after only a few months as Soviet party leader, confirms what has been clear already: that he plans no radical domestie economic changes whose implementation would take precedence over Comecon business. But it also indicates that the current trading arrangements within Comecon may hava grown as irksome to tha Soviet Union, though in different ways, as to lts Comecon partners, and that the Soviet Union may be now as interested in change as the rest.

No new Soviet leader would want to summon a Comecon conclave without first being clear where he was taking his own economy. The late Yuri Andropov was ehle to set his own domestic policy in the first half of 1983, and the Comecon summit was pencilled in for last June—firmly enough for prime ministers of Comecon countries to postpone their regular mid-year meeting to October—only to be erased by Mr Andropov's worsening illness.

Mr Chernenko has been able to move somewhat more quickly because he is simply continuing his predecessor's domestic policies, which involve a legal and administrative crackdown on labour ill-discipline, leavened with a few experiments in decentralised decision-making.

This is not only because continuing Andropovism is the course of least resistance for the elderly Mr Chernenko, with Andropov proteges like Mr Mikhail Gorbachev now apparently antrenched as effective number two in the Politburo, it is also because in 1983 Andropovism gained the scent of success.

The broad indicators in the Soviet economy turned upwards. Gross national product rose by 3.6 per cent from around 2 per cent in each of the previous two years, with the extra resources being channelled into needed capital investment and into defence (where spending rose some 2.8 per cent compared with the recent trend of 2 per cent).

How mnch this improvement was due to ehasing slack workers back into the factories, and whether it can be sustained, is debatable, though industrial ontput rose o further 4.9 per cent in the first four months of 1984.

The long delay in eonvening a Comecon summit bas given the impression that, though the summit proposal was first made by Brezhnev, it was never seriously pursued because the Soviet Union was basically satisfied with the set-up in Comecon.

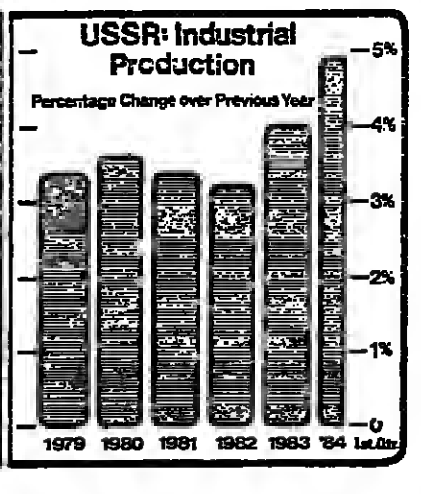
Moscow has been stressing the need for better quality machinery from Eastern Europe and for greater Comecon co-operation in high technology. But it has couched this more as a riposte to Western sanctions and export controls than as e complaint ebont Comecon's present workings.

By contrast, the East Europeans have been more vocal and barbed in their calls for change. As a group, they complained at last October's Comecon ministerial meeting in East Berlin about tha uncertain quantities, as well as higher prices, nf their energy and raw material imports from tha Soviet Union.

However, with what it is now known about the physical incapacity of Mr Brezhnev in hls last year of power and of Mr Andropov in his only year of power, it would be a mistake to judge simply from Moscow'a recent procrastination about the summit that the Soviet Union is the upholder of the status quo in Comecon and thal its partners are the revisionists.

Tha Soviet Union is currently the chief beneficiary from the hasic principle on which Comecon trading is organised: that prices of all bulk or standardised goods traded within Comecon are hased on a lagged five-year moving average of world prices for the same goods.

President Chernenko



The Soviet Union mainly exports energy and raw materials, whose world prices have risen substantially in the past decade. Eastern Europe mainly exports to the Soviet Union machinery, consumer goods and soma food, whose world price has been mnch steadier.

Thus, Soviet terms of trade with Eastern Europe have improved markedly, by some estimates as much as 6 or 7 per cent in each of the past three years. It would seem that tha Soviet Union should have little or no interest in altering the status quo.

However, Moscow has been bending the Comecon rules to help its East European partners, and there is some evidence that, if those rules were closely observed, it would benefit even more substantially than it does already. This has been documented by Dr Ed Hewett of the Brookings Institution in a recent study. He has calculeted that if the five-year world average price principle were followed exactly Soviet terms of trade with Comecon partners would have improved by 61 per cent over 1973-82, against an actual improvement of 42 per cent.

Price trends, bowever, are only part of the picture in a trading system in whieh governments hartar bilaterally. The essence of barter is balance. The Soviet Union has not halanced its trade with its Comecon partners, but instead runs a consistent surplus with them, amounting to roubles 3.7bn (£3.3bn) last year and totalling e cumulative rouhles 22.9bn, according to Dr Hewett.

The Soviet Union is not cashing in fully on its improving price positioo by getting Eastern Europe to deliver larger quantities of machinery, balancing the same amounts of dearer Soviet oil. Measuring the flow of real resources, the Soviet Union's quantitative terms of trade with Eastern Europe have only improved 22 per cent since 1973, Dr Hewett calculates.

All this suggests that the Soviet Union may have its own self-interest very much at heart in at last calling a summit, but it is not clear what changes it may propose.

One possihle compromise is that Eastern Europe will be asked to offset tha trade deficit it runs with the Soviet Union hy making larger investments in energy and raw material projects inside the Soviet Union.

Walesa appeals for establishment of other trade unions

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESA, leader of Poland's banned Solidarity movement, has urged the authorities to permit the establishment of trade unions alongside those which were set up 18 months ago to replace Solidarity, and which now claim some 4m members.

The conciliatory call, whose tone contrasts with the strident language of the underground, implicitly accepts many of the limits to trade union activity imposed by new legislation and appears to acquiesce in the demise of Solidarity in its traditional form.

The lettar, dated April 27, and addressed to the Council of State, is signed by nther activists from unions banned along with Solidarity in the autumn of 1982.

It repeats a similar proposal made by Mr Walesa last year which provoked a storm nf officially inspired media ottacks on the very idea, which asserted that competition among unions undermined "working class unity."

Any revision of the law on this point would have tn be made in consultation with the new official unions, fearful of competition and unlikely to agree. This possibility was binted et by the government spokesman in a comment yesterday on the latest Walesa initiative.

However, it can be expected that church leaders continuing talks with the Government on freeing political prisoners will take up the theme of the letter in an attempt to work towards a more general solution to the conntry's political problems.

Meanwhile, the Government has refused to recognise the election of Professor Klemens Szaniawski, an ontspoken liberal, as rector nf Warsaw University, the largest in the country. The Government's action has also prevented the university from electing a second choice for eventual official approval for a three-year term starting in the entumn.

A candidate is likely to be imposed by the Government. In past months, elections have taken place in 79 universities and other institutions of higher education, with the Government refusing to accept Rectors elected at Wroclaw and Poznan.

Bonn's raw materials buy freedom for East Germans

BY LESLIE COLITT IN BONN

WEST GERMANY is delivering DM 150m (£39m) worth of oil and raw materials to East Germany in exchange for the 25,000 East Germans who have been allowed to emigrate to West Germany since January. The West German side had proposed a payment in consumer goods hut the East German leadership said industrial inputs were its first priority.

Senior West German officials believe the payment, although not decisive in East Germany's agreement on allowing its citizens to leave, was hard to reject because of the country's hard currency shortage.

East Germany ond the other Comecon countries were badly hit in 1982 when the Soviet Union began reducing its oil deliveries to them by 10 per cent. The affected countries have not been able to profit from lower oil prices in the West because of their lack of hard currency.

West Germany's offer of a payment in goods for each person allowed out of East Germany came as East Berlin was faced with a debt repayment of nearly $4bn this year out of total indebtedness estimated et $9bn-$10bn.

Officials who deal with East Germany are concerned that the reletive freedom of action which Moscow has permitted its East German ally in recent months may be over. In particular, they are sceptical that Herr Erich Honecker, the East German leader, will be able to take np an invitation to visit West Germany later this year, because of growing pressure on the East German leadership from Moscow.

They fear that the Soviet Union, which has stepped up its attacks nn West Germany in the media, may be rethinking the goodwill policy toward Bonn which it has followed while bitterly attacking Washington. This, they note, could not fail to affect Herr Honecker's newly-achieved stature within the Warsaw Pact.

It resulted from the Polish political and economic crisis which began in 1980 during which East Germany was assigned several economic obligotions toward the Soviet Union previously borne by Warsaw. East Germany thus achieved a degree of political leeway it had not previously enjoyed.

Soviet Air Defence Forces head dies 'while on duty'

BY ANTHONY ROBINSON

THE Chief of Staff of the Soviet Air Defence Forces, Colonel-General Samyon Romanov, has died "while performing official duties," according to an obituary, signed by Marshal Dmitri Ustinov, the Defence Minister, and other top officials, and published in the Army newspaper Red Star.

The phrasing of the obituary strongly suggests that Gen Romanov was killed in an accident but gave no indication of when nr where. The Air Defence Forces are organised as a separate arm of the armed forces and are charged with the forward fighter and air-defence missile forces round the periphery of the Soviet bloe.

Gen Romanov's death coincides with increased use of Soviet high altitude, as well as tactical, bombers in Afghanistan where they have been deployed in carpet bombing the Panjshir Valley and softening up operations against Afghan rebel forces.

This has provoked some speculation among diplomats in Moscow that the general might have been in Afghanistan, although his presence there would only have been in an observer capacity as bomber forces come under a separate command.

Military specialists in London doubt whether the general would have visited Afghanistan at this time. The Air Defence Forces are currently committed to tigthening their vigilance and efficiency following their failnre to find the South Korean Jumbo jet, shot down on September 1, until more than two hours after it first entered Soviet air space.

Portuguese trade deficit narrows to Esc 89bn

BY DIANA SMITH IN LISBON

PORTUGAL'S TRADE balance picked up in the first quarter of this year, showing e deficit of Esc 89bn (£456m) against one of Esc 110bn (£564m) for the first three months of 1983.

Exports in escudos rose by 69 per cent while imports dropped by 20 per cent. For the first time in years the country had positive balances with most partners in tha EEC and Efta with which most of Portugal'e trada is done.

The steady decline of the escudo against the dollar gives a somewhat distorted picture of trade: transaetions are handled in dollars and the currency conversions can be misleading. But, although ahsolute dollar figures for the first quarter are not yet availahle, improvements reeorded in percentage terms are solid, with a 10 per cent inerease in exports and a 17 per cent drop in imports.

Most spectacular is the switeh in coverage of imports hy exports in dollar terms to nearly 70 per cent eompared tn 45 per cent in early 1983. This has shown up furthermore in the decrease in the ratio of the short-term deht to total foreign debt, from 32 per cent in early 1983 to just under 24 per cent this year.

The sharp percentage drop in imports in dollar terms in the first quarter was affected by an announcement in late 1983 that a 30 per cent surcharge on a hroad range of imports would drop tn 10 per cent the following March. Many importers held off deolings until they could benefit from the lower surcharge.

Meanwhile, as a result of the strong dollar, Portugal's massive imports of grain and animal feed from the U.S. have led to 15-20 per cent increases in the price of flour and bread.

Had they reflected real effects of dollar strength, the increases would hve been worse, but Sr Morio Soare's already-unpopular coalition Government opted to subsidise stoples with ES 28bn of public money this year.

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Parliament calls for cult-watch by computer

By Ivo Dawnay in Strasbourg

NOT CONTENT with solving the problems of the phyaical world, the losl European Parliament before next month's elections yesterday embarked on metaphysical debate in what may be seen as one of its more eccentric death throes.

At Issue were the activities of the European adherents to philosophiea of the Moonies, Children of God, Scientology, Orange People and Hari Krishna, along with untold other offbeat religious sects.

In a resolution moved by Mr Richard Cottrell (Tory, Bristol), members were asked to urge governments to co-ordinate a data bank on cult activities along with other measures to counteract everything from illegal fund-raising techniques to an abuse of charity status and tax exemption laws.

The debate, however, led to a wide-ranging discussion on the appropriateness or otherwise for the Parliament—itself something of a minority sect— to pass judgment.

While Mr Cottrell valiantly insisted that this was not a move intended to set up "thought police," others differed.

Mr Robert Jackson (Tory, Upper Thames) recruited Queen Elizabeth I to the cause of religious freedom. "We should not make windows into men's souls," he quoted.

One MEP contended that his proposals, enacted 2,000 years ago, would have crushed Christianity itself.

Meanwhile, the corridors of European power buzzed to the sound of visionary lobbyists.

The Catholic Education and Studies Council of Europe had already written to every MEP urging support for the motion — in contrast it appeared to the papal position in the U.S. where the Catholic Church is supporting the Rev Sun Myong Moon's attempts to defend n tax avoidance charge.

Some smaller Protestant churches on the other hand, seemed less enthusiastic, fearing perhaps an EEC-inspired rebirth of the Inquisition.

However, even the fact that the resolution was passed was viewed by some as an irrelevance. "It doesn't matter what they decide", said one parliamentary functionary. "What is important is that the religions think we are worth lobbying in the first place."

Daily Mirror

In a feature on May 4 on Fleet Street newspapers' penetration of the Irish market we reported that the Daily Mirror sold 51,000 copies a day in the Republic, according to a survey conducted by the Irish newspaper industry. The Mirror states that it is currently selling about 70,000 copies a day and has been doing so for some time.

MEPs set to reject proposed loan to cover EEC budget

BY JOHN WYLES IN STRASBOURG

THE Europeao Commission's bid to obtain an Ecu 2.33bn (£1.35bn) loan from member governments to cover the EEC's yawning 1984 budget deficit will suffer a setback today at the hands of the European Parliament.

MEPs look certain to follow the advice of their Budget Comtimtee and reject the loan proposal. Instead, the Parliament will call on the Ten to advance the necessary monies to cover the budget deficit.

The Parliament's stand leaves the Commission's l proposa facing a very dubious future. It has already run into strong opposition from West Germany and the UK, while most other governments are for the time being urging the Commission to make economies in this year's spending and to postpone as much expenditure as possible until next year.

The decision to be taken by MEPs today will have to be confirmed by the new parliament to be elected next month before the loan proposal is definitely lost. The parliament's budgetary powers would enable it to reject any supplementary budgetba aed on loan funding later in the year.

The main objection among the members of the Budget Committee is that the members of the Budget Committee is that the member states would earn interest on their contributions. A majority of committee members argued that it would be wrong for governments to profit from a budget which already served their national interests.

However, the solution proposed by the committee appears to raise some legal probtems. It would aeek advances from member states from the new budget revenues which are expected to be msde available once the Ten settle the British budget problem and newgu idelines for controlling expenditure.

This extra revenne cannot be handed over, however, until all national parliaments have endorsed the new agreement which has the same status as an amendment to the Treaty of Rome.

It is unlikely, therefore, that many governments would feel free to anticipate decisions which are unlikely to be taken by their parliaments until next year.

Mitterrand calls for wide use of computers

BY DAVID MARSH IN PARIS

PRESIDENT FRANÇOIS Mitterrand yesterday called for nationwide computerisation to help modernise French industry. He said computers had the ability "to transform our industrial structure" and he hailed the information industry as "an incomparable means of modernisation."

The president, fired by a newfound passion for high technology following his recent visit to California's Silicon Valley, paid a lightning visit to Bull, the state data processing group in Angers which is western Europe's largest computer factory.

M Mitterrand appears to be turning into a personal crusade France's drive to catch up with U.S. and Japanese electronics industries.

Waiting for him at the Bull factory were about 50 journalists, several TV camera teams, a large posse of security forces to protect him from possible demonstrations by milk farmers and schoolteachers – and a brand new model of the 1,000th "all French" computer, the DPS-7, ready to be delivered to the Hanover Transport Authority in northern Germany next month.

M Mitterrand looked suitably attentive as M Jacques Stern, the Bull chairman, whisked him by kit production lines, sophisticated electronic testing devices and an example of France's microprocessor memory card which Bull is starting to produce for the world market.

The Angers factory is the main plant in Bull's systems division, which produces the DPS-7 as one of the company's principal products, making up about 20 per cent of the group's FFr 11.6bn ($1.3bn) turnover last year.

After ceremonially inspecting the 1,000th computer, M Mitterrand underlined that Bull had built up good markets in the U.S., Brazil and Africa in spite of strong international competition.

Around 45 per cent of the Angers output is exported.

M Mitterrand paid tribute to Bull, which was taken under full state control in 1982, as an example of "the path to follow." The company, which is receiving large capital injections from the state to plug losses and rebuild equity, halved its net loss to FFr 625m last year, and aims to return to profit by 1986.

FNAC, the French discount store group, has publicly announced it has no intention of selling IBM's personal computer because of what it regards as the U.S. computer giant's "elitist" approach to the retail trade.

The French discounter argues that IBM seeks to control the distribution of its own products by imposing its own retail law. In the group's trade magazine, Contact, M Jacques Parent, FNAC'a managing director, says the discounter does not approve of IBM's retail philosophy, which he claims is detrimental to the consumer.

France to push through controversial schools Bill

By Paul Betts in Paris

THE FRENCH Government will use a special constitutional procedure to push through the National Assembly its controversial legislation on private schooling in France, provoking a major political row.

The Government's move waa attacked as undemocratic by the right-wing opposition parties and the powerful Catholic private school lobby. It also angered many Socialist party deputies anxious to amend the law and the Communist party keen to toughen the legislation on private education.

After two years of often acrimonious debate, the Government decided to short-circuit further debate and delays on its private education project by invoking a constitutional article enabling it to turn a parliamentary debate into an issue of confidence.

Under this special procedure, the debate on the Bill was due to be completed by last night with the Right-wing RFR opposition party calling for a censure motion and hence a no confidence vote against the Government. This vote is due to take place tomorrow with the defeat of the censure motion and in turn the approval of the new private school legislation.

The Government's proposals on private schooling have split the country and the Government'a decision to accelerate parliamentary passage of the legislation is likely to lead to a series of demonstrations and protests.

Although the Government has made substantial concessions from its original aim of establishing a unified secular school system in France, the Catholics are especially opposed to a provision in the new law turning private school teachers into public employees.

German strikers pursue tactical course

BY JOHN DAVIES IN STUTTGART

"I THINK it's brutal." The young West German car-worker, six years at Daimler-Benz in Stuttgart, clad in the currently fashionable trade union garb of yellow raincoat stood outside the factory which locked him out yesterday in retaliation against strikes by his union, IG Metall.

A few miles away, workers with megaphones marched around the works of Standard Elektrik Lorenz (SEL), the telecommunications equipment-maker, chanting: "People who lock out workers ought to be locked up." (The slogan has more rhythm to it in Swabian-dialect German: "Wer aussperrt, der gehört eingesperrt.")

The words sound dramatic and the mood of workers—whether on strike, locked out or made idle by lack of supplies—is serious. But, perhaps surprisingly, the atmosphere in West Germaoy's metal industry dispute is not quite as taut as the rhetoric might imply.

The country's worst labour dispute for six years, over demands for a cut in the working week from 40 to 35 hours, is proceeding along careful tactical lines.

The lockout of workers yesterday in many factories in North Wuerttemberg and North Baden—including Stuttgart—was the latest in the exchange of blows and a fairly powerful one.

Supporters of IG Metall in other unions are planning to hit back today with sympathy strikes. But both sides seem anxious to limit the damage.

At Daimler-Benz, union stalwarts say they are determined to mount protest vigils as long as it takes to reach a settlement. But they are just as anxious as the management to ensure that the factories are maintained in good order and that partly finished work is protected during the halt to production.

"After all, we want to look after our jobs," one striker remarks.

Full-time officials of IG Metall also voice concern for the state of business. "How can people say we want to make the economy kaputt?" asks one official. "We're on the supervisory boards of companies. We're not idiots. We know what the economy can afford."

The huge car factory of Daimler-Benz at Sindelfingen, near Stuttgart, now presents an eerie stillness, with the workers on strike. Most gates are shut, blue-uniformed gate controllers stand about aimlessly, and vigilant unionists, at times only a handful, check who goes in and out.

At Unterluerkheim, the Stuttgart plant where Daimler-Benz has locked workers out in a joint action with other regional employers, one worker relates. "We received letters at home telling us we were going to be locked out," one worker relates.

Why were the notices not handed out at work? "Because people might tear them up on the spot," another worker replies. "And when the letters go to our homes, the wives can read them," one says, with a grin at the company's tactic.

IG Metall officials and members still put a brave face on their campaign for a 35-hour week, but increasingly the talk is about the need for a "compromise solution."

How long will the dispute last? Union officials discount suggestions of a rapid return to work, pointing to the complexity of any compromise and the need to organise membership approval of any negotiated deal.

One big problem for the union is that members laid off at car plants—because no car components are arriving from strike-hit works—are getting no money at all.

They receive no financial aid from the union because they are neither on strike nor locked out, and to the union's dismay, the Federal Labour Office has refused to pay out to them.

But the union movement has closed ranks on this issue, and is trying to divert any membership anger away from IG Metall and towards the Federal Government by organising a protest demonstration in Bonn next week.

Meanwhile, Daimler-Benz among others is counting the costs. Professor Werner Breitschwerdt, the chief executive, says the company is missing out on sales revenue of about DM 120m (£31m) a day, as a result of a daily loss of 2,200 cars and 600 trucks.

The company concedes that some of this is offset by savings on costs of labour and materials, but if the dispute lasts another two or three weeks, it will begin feeling the pinch.

Opponents of IG Metall have pointed out that Japanese car-makers are bound to benefit from the dispute by increasing their sales in West Germany.

One of the most emotive propaganda arguments against the union has been that the Japanese are the strongest supporters of a 35-hour week fur West Germany.

World leaders seek end to nuclear tests

BY KEVIN DONE IN STOCKHOLM

LEADERS FROM countries in four continents yesterday issued an appeal to the nuclear weapons powers to stop further tests of nuclear weapons.

In a joint nine point declaration, Mrs Indira Gandhi, Prime Minister of India; Mr Julius Nyerere, President of Tanzania; Mr Olof Palme, Prime Minister of Sweden; Mr Andreas Papandreou, Prime Minister of Greece, and Sr Miguel de la Madrid, President of Mexico, insisted that "the rush towards global suicide must be stopped and then reversed."

The initiative taken by the five leaders has followed close co-operation with the Parliamentarians for World Order, (PWO) a New York based organisation working on questions of disarmament and development. The PWO includes 650 MPs from 31 countries.

The declaration calls on the leading nuclear weapons states, the U.S., the Soviet Union, France, the UK and China, to halt production and deployment of nuclear weapons and their delivery systems, a move that should be followed by an immediate substantial reduction of nuclear forces.

A continuing programme of arms reduction should follow in order "to ensure the urgently needed transfer of resources from the arms race into social and economic development."

● In India, Mrs Gandhi said in a pre-recorded interview with the international television network Visnews: "I am deeply distressed and also astonished at the apathy one sees – al almost resignation, acceptance of such a horrifying event," Reuter reports.

Mr Palme told a press conference in Stockholm that Sr Raul Alfonsin, President of Argentina, had also agreed to sign the document.

AMERICAN NEWS

Duarte says he will not ask for U.S. troops

By Reginald Dale, U.S. Editor in Washington

EL SALVADOR'S president-alect, Sr Jose Napoleon Duarte, has pledged that be "will never ask" for American nr any other foreign troops to help his embattled government in its war with left-wing guerrillas.

On a Washington visit to press for increased U.S. military and economic aid, Sr Duarte said late on Monday that "it would be immoral to ask for the lives of young Americans."

After talks with President Reagan on Monday, Sr Duarte yesterday spent a full day lobbying congressional leaders tn support Mr Reagan's request for an urgent \$62m (£44.3m) in emergency military funds for his country, currently before the House of Representatives, as well as longer term plans for economic and military aid to the reigon.

In Washington, Sr Duarte, a Christian Democrat, appeared to be edging closer to Mr Reagan's view that the war in his country is against revolutionary forces backed by the left-wing Sandinista government of Nicaragua, Cuba and the Soviet Union.

Mr Reangan has also repeatedly pledged not to send U.S. combat troops to El Salvador—although many leading Democrats, including former vice-president Walter Mondale, have argued that Mr Reagan'a policies will inevitably lead to the involvement of American forces.

Sr Duarte again insisted he could not accept "degrading" conditions on American aid that would violate his country's sovereignty. "To impose conditions on the people in the name of democracy is to take away part of the freedom for whicb they are fighting," be said.

● Five former National Cuardsmen accused of murdering four U.S. churcbwomen finally stand trial today in a long-delayed case which the U.S. Congress has linked to continned support for the Salvadorean Government, Reuter reports.

After three-and-a-half years of investigations, the trial—delayed by the ponderous legal system—is expected to last only one day. If found guilty the guardsmen could be sentenced to 30 years' jail.

Andrew Whitley assesses the Planning Minister's claim of economic recovery

Only exporters taste the caviare in Brazil

"THE RECESSION is over," Sr Antonio Delfim Netto, Brazil's Planning Minister, proclaimed proudly earlier this month. After over three years of decline, deepened by the deflationary measures adopted last year at the bebest of the International Monetary Fund, the economic chief was in a buoyant mood.

Sr Delfim does not lack positive indicators to back up his optimism. Industrial production was up by nearly 4 per cent in the first quarter; the employment index in the greater Sao Paulo area is rising, albeit modestly, for the first time in 19 months; and even the rate of inflation has declined for two successive months.

What is more, many top businessmen, long sceptical over the Planning Minister's claims, are endorsing his claim that a turnaround has taken place this year; although they remain more cautious about the extent of the recovery.

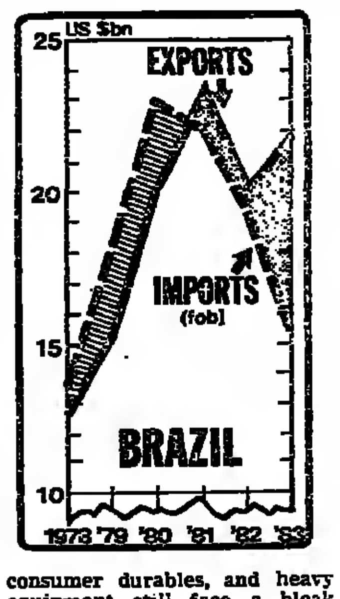
There is "a firm recovery trend," said Sr Luis Eulalio Bneno Vidigal, president of the Sao Paulo state industrial federation. Bnt, he added, only in 1987 will Brazil return to the level of production recorded in 1980.

Pulling the eighth largest economy in the Western world out of its worst recession this century is not easy. An export boom of considerable strength has been needed. In the first three months of this year exports were a full 21 per cent higher than during the same period last year. Whereas the 1983 trade surplus of \$6.5bn was achieved almost exclusively through severe cuts in imports, the current performance owes as much to export growth as it does to continuing declines on the import side.

Despite Brasilia's often strident claims of mounting protectionism in the industrialised West, exports to these markets are making an important contribution to the country's foreign trade performance. Based oo the figures to the end of April, Brazil looks set to achieve a foreign trade surplua in 1984 of more than \$10bn, 10 per cent above the highly ambitious official target worked nut with its creditors abroad. With the U.S. alone, Brazil will probably have a trade surplus nf \$4bn, although the recently announced voluntary cut in steel exports may reduce that estimate.

More than compensating for the decline in U.S. shipments, Brazilian steel is now gaining ground rapidly in the Middle East, South-east Asia and China. China and Iran are regarded as the markets with the best bopes of all-round growth for the full range of Brazilian primary and manufactured exports.

But despite this performance exports are still responsible for less than 10 per cent of gross domestic product, and much of the rest of the economy is still wallowing in the doldrums. Mineral extraction and agriculture are doing very well, but sectors such as construction,



consumer durables, and heavy equipment still face a bleak outlook.

"The recovery is an illusion," said Sra Maria de Cooceicao Tavares, a prominent Left-wing economist. She pointed out that demand for bank credit remains negligible, whether from companies or individuals. Fixed investment shows little sign of picking up, apart from a certain amount of import substitution or dcht-to-equity conversion on the part of multinationals dominant in manufacturing.

Severely depressed by the IMF-inspired combination of bigher taxes and lower wages, consumer spending is well down on 1983, previously the worst year on record. Sales of television sets, for example, are 20 per cent down.

The manhours of work required to purchase the country's cheapest car, a 1300 cc Volkswagen Beetle, have nearly dcubled since 1977. Travel, particularly by air, has been removed from most household budgets, with a severe impact on domestic airlines' profitability.

The once-affluent Brazilian middle class has experienced an average 17 per cent cut in real wages over the last year.

Sr Delfin's talk of recovery provokes a mixed response. Those involved in exporting orange juice, frozen chicken and meat, or even the more traditional export lines such as sboes and textiles, are doing well this year, and expect to join for the first time the select hand of Brazilian sectors with annual foreign sales of over \$1bn.

The relatively small group of large companies which dominate the export sector, including state-owned companies like Petrobras (refined products) and Cia Vale do Rio Doce (iron ore and minerals processing), multinational manufacturers and commodity-hased trading houses will also do well.

But for people like Sr Carlos Pacheco, part-owner of a medium-sized construction company which has bad to lay off most of its employees, the talk has no meaning. Domestic financial resources are being aqueezed as hard as possible to make way for exports and, at the same time, keep within the IMF's monetary guidelines.

Real interest rates are very high, averaging 20 to 25 per cent a year, and will probably remain so the rest of the year, though tbey have come down from the dizzy peaks of the last two years.

Ironically, the Figueiredo Government is now trying to revive import demand in the hope that greater supplies of industrial raw materials and foodstuffs will bring down domestic prices.

Chemicals of all types, ranging from intermediate feedstock to fertilisera, are bigb on the Covernment's list. But industry spokesmen reacted to the unexpected news that such imports were being permitted again with a shrug, saying they were no longer necessary, because of the decline in the domestic market

Shortages of other items have been provoked, however, by the eagerness of companies to take advantage of the cheap finance and tax breaks available from the Government for exporters, and these bave been a major reason for inflation—still running at record rates of nearly 230 per cent a year.

Importing soya oil, to make up for earlier overselling, is one thing; importing caviare, smoked salmon and other luxury goods recenily taken off the list of banned "superfluous" items is quite another. Unless, of course, the aim is to convince public opinion that life is back to normal.

Caracas to pay interest arrears

VENEZUELA has set a priority goal of paying off \$700 (£500m) in pnblic and private sector interest arrears before June 15, Sr Carlos Kuillermo Rangel, chief debt negotiator, said yesterday, Reuter reports.

Private sector interest arreas total \$1bn and the exchange controls office, Recadi, has been told to process 60 per cent of these by the middle of next month, Sr Rangel said.

He also said public sector arreas have again built np tn abont \$100m, after most were paid off at end March.

The bulk of public sector arrears are thise of stat power companies Edelca and Cadafe,

Alfonsin, Peron talks go on

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S President Raul Alfonsin and Sra Maria Estela "Isabelita" Peron, the leader of the opposition Peronist Party, bave reached broad agreement on the need to collaborate in the pursuit of common solntions to the country's most pressing economic and political problems.

A statement issued by Sra Peron after a brief round of talks with Sr Alfonsin on Monday said sbe bad agreed in principle to support the President's call for reconciliation "in the national interest," and would maintain a permanent "dialogue" on future policy.

The result of the talks is an important psychological boost for Sr Alfonsin as he tries to broaden domestic support for wbat could be a series of critical decisions over the next few weeks on foreign debt, a prices and incomes policy, and the territorial disputes over the Beagle Channel and the Falklands.

Nevertheless government officials yesterday privately cautioned against excessive optimism at this early stage and indicated there were still major hurdles to overcome.

Significantly by lote yesterday afternoon the presidential office had yet to issue its own public comment on the talks amid signs that re-emerging divisions within the Peronist Party could severely test Sra Peron's leadership.

An internal party document leaked yesterday accepts the need for a truce with the government, but warns Sra Peron against being too conciliatory by sacrificing partisan interests.

This view was expected to be put to Sra Peron by leaders of the Peronist-dominated main trade union organisation.

The government was yesterday given a warning that unions will not willingly accept a trade-off involving wage restraint when railway and Metro workers threatened strike action.

Guyana seeking IMF assistance

By Canute James in Kingston

THE GOVERNMENT of Gnyana, which last year rejected economic measures recommended by the International Minetary Fund, is still seeking IMF assistance Mr Carl Greenidge, Finance Minister, said yesterday.

The latest rounnd of discussions with the IMF concerned a possible one-year standby credit of \$90m (£64.3m). Last year, the country was seeking a three-year extended fund facility of \$250m.

Mr Greenidge said there had been no progress in his government's plan to seek new payments schedule

U.S. officials divided over inflation threat as prices rise 0.5%

BY STEWART FLEMING IN WASHINGTON

U.S. CONSUMER prices rose 0.5 per cent in April after a 0.2 per cent March gain, the Bureau of Labor Statistics reported yesterday, an increase roughly in line with economists' expectations.

The increase represents an annual inflation rate of some 5.6 per cent, slightly higher than the level of recent months.

Economic policymakers in Washington are deeply divided about the seriousness of the inflationary threat.

Mr Donald Regan, Treasury Secretary, has said he does not see a serious inflationary problem now or in the immediate future.

But several Federal Reserve Board officials, including the chairman, Mr Paul Volcker, have made it clear that, with the economy still strong and capacity utilisation rates in industry rising to levels historically associated with an acceleration in inflation, it is important the Fed should be vigilant in resisting inflationary pressures.

Consumer price data over the past year suggests the economy is now locked into a base inflation rate of close to 5 per cent. During the first quarter of the year consumer price inflation has been running at an annual rate of 5.1 per cent and for the past 12 months at just under 5 per cent.

At issue, however, is how much of an acceleration can be expected in the months ahead. Some economists, anticipating a mucb slower rate of growth later this year and in 1985, are hopeful that inflation will only pick np alightly, especially in view of the present modest increases in wage costs.

Wage costs bave been rising at about 4 per cent over the past 12 months. But others fear economic octivity will continue to be stronger than has been expected and prices will begin to rise more sharply. They point to the risks of a marked acceleration in inflation if the dollar should weaken suddenly.

The Commerce Department reported yesterday that new orders for manufactured durable goods in April fell by 6.4 per cent on o seasonally adjusted basis, the sharpest decline since May 1980.

White House plays down Soviet submarine threat

BY OUR U.S. EDITOR IN WASHINGTON

THE REAGAN Administration is playing down the importance of Soviet claims to bave increased the nnmber of nuclear-armed usbmarines off tbe coasts of the U.S. It believes tbe claims are motivated by political rather than military considerations.

"There has been no essential change in the strategic situation," aaid Mr Larry Speakes, the White House spokesman. "The numbers don't change mnch."

Military experts in Congress, in the Pentagon and outside the Government generally agreed with the White House assessment yesterday.

One Administration official said the additional deployment increased the Soviet submarine fleet off U.S. coasts from five to seven and was not significant.

Tbe Soviet move was announced in Moscow on Sunday by Marshal Dmitri Ustinov, the Soviet Defence Minister, who said it was in response to tho deployment of U.S. intermediate range cruise and Pershing 2 missiles in Europe.

His claim that tbe Soviet missiles could reach their targets in the U.S. in 10 minutes was dismissed in Washington as nothing new.

President Reagan's advisers do not want to "heat up" the issue in an election year, in which Mr Reagan is trying to refute claims by his npponents that his policies have increased the risk of nuclear war.

The White House, on the other hand, does not mind if Moscow is seen as trying to tilt November's presidential election against Mr Reagan. They believe that such attempts can only play into Mr Reagan's hands.

OVERSEAS NEWS

Japanese opposition boycotts Diet in signal to Nakasone

BY JUREK MARTIN IN TOKYO

BUSINESS in the Japanese parliament ground to a halt again yesterday in a political skirmish possibly most significant for its potential effect on the chances of Mr Yasuhiro Nakasone, the Prime Minister, being re-elected by the ruling party in November.

The boycott of Diet proceedings by four opposition parties, while unlikely to be as serious as that last autumn, which ultimately belped force a general election, is nonetheless, partly designed tn emborrass Mr Nakasone.

His prospects of getting returned as Liberal Democratic Party president, and Prime Minister, have looked good of late, mainly because the biggest political faction, bebolden to the former Prime Minister, Mr Kakuei Tanaka, seems inclined to continue to support him.

One of Mr Tanaka's chief lieutenants aaid as much recently, while Mr Tanaka himself has let it be known that be is not prepared to aanction a bid this year by his factional beir-apparent, Mr Noburo Takeshita, the Finance Minister.

But an integral part of the Nakasone campaign is to turn from the international scene and to demonstrate his less-proven effectiveness as a domestic leader by pushing a heavy load of legislation through the Diet this summer.

However, the opposition is not going to make it easy for him. The current regular session of the Diet is due to end today with a lot of unfinished business. The LDP originally asked for a 100 day extension, was rebuffed, whittled it down to 94 days, again without aucess, and now, it is thought, might settle for about 80 daya.

But it was considered likely here last night that the opposition might well sustain its boycott until after Mr Nakasone returns from the London summit in mid-June. Though the LDP, with its small coalition partner, the New Liberal Club, has the votes to do what it likes, this is not considered a proper way to bandle parliament, especially with aucb meaty issues as national bealth insurance and about 30 administrative reform Bills still pending.

EEC prepared to deal with drop in oil supplies

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is ready to meet an oil crisis if the Gulf war leads to an interruption of supplies.

Energy ministers of the ten, meeting in Brussels yesterday, informally discussed the escalation of the Gulf war and satisfied themselves that contingency plans were ready.

The emergency machinery is based on the EEC itself and on the International Energy Agency, whicb also covers the U.S. and Japan. France is not a member of the IEA. It discusses the Gulf situation today.

The machinery is triggered at the request of an individual state, or when the shortfall of supplies reaches 7 per cent. The EEC scheme emphasises consumption restraint, while the IEA system provides for the redirection of supplies already in transit wben a crisis breaks.

Ministers were generally more relaxed about the present situation than during previous oil crises. Mr Alick Bucbanan-Smith, the British Energy Minister, gave three reasons for this:

● The existence of considerable under-utilised oil capacity outside the Gulf;

● Adequate stocks in the Community—he put them at 100 days' supply;

● Preparation of the emergency mechanisms.

But, Mr Buchanan-Smith conceded, a complete shutdown of supplies from the Gulf would be "extremely serious." Not, he was quick to add, that this aituation is faced at the moment.

The EEC draws 35 per cent of its crude oil imports from the Gulf. Its total dependence on oil as a source of energy is just over 30 per cent.

S. African recovery loses momentum

By Jim Jones in Johannesburg

SOUTH AFRICA's economic upswing has lost its momentum and the economy faces a difficult period as it adjusts to the lower gold price and the effects of the drought, Dr Cerhard de Kock, the South African Reserve Bank governor said yesterday.

Dr de Kock said gross domestic product grew at an annualised rate of 3.5 per cent in the first quarter of this year, but this compared with a rate of 11 per cent in the final quarter of 1983. He believes that the economy is now likely to cool down ahead of an export-led recovery.

The economic advance of the past year was triggered by the risa in the gold price whicb started in the middle of 1982 and lasted until February 1983, Dr de Kock said. Tbis was accompanied by a temporary acceleration in the growth of money supply and a fall in interest rates. The economic advance wbicb resulted from this was sustained by rising consumer and public expenditure, particularly on bigher civil service salaries.

By the end of 1983, the advance had run into balance of payments and inflationary constraints and it was not export-led. The result was a depreciation of the rand and the emergence of new inflationary pressures. This led to a tightening of monetary and recently, fiscal policy, which has been reflected in high interest rates and tax increases.

Dr de Kock believes that interest rates bave probably peaked and should decline laier this year.

Reuter adds from Welkom: An explosion ripped through several offices at a Western Holdings Gold Mine on Monday night causing extensive damage but no injuries, a mine official said. Police suspect sabotage at the mine, part of the Anglo American gronp.

AP adds from Johannesburg: Security police in major cities yesterday raided offices and bomes of members of the Azanian Peoples' Organisation, a black consciousness organisation.

Michael Thompson-Noel in Sydney reports on concern over poor export performance

Australia faces tougher trade with Japan

IN THE recent coal price talks in Tokyo, Australian producers of bard coking coal settled for price cuts whicb in most cases amounted to between US\$1.50 and US\$2.50 a tonne. The prices varied for different quality coals, but in every case they were below those previously agreed by the Australian Government and coalmining industry.

There was an immediate outcry.

The unions claimed the coal owners had sold Australia short, and that some mines would close; while Mr Lionel Bowen, Australia's Deputy Prime Minister and Minister for Trade, said be was seriously concerned that Australia's negotiating position had been undermined because two companies had broken ranks and agreed to settle at lower prices, whereupon "the negotiating position of the remaining Australian companies collapsed."

At one level, the ontburst over price cuts dramatises what Mr Bowen calls the "series of convulsive changes" that have bit the international coal industry in recent years.

At a deeper level, it emphasises concern about the changing nature of Australian-Japanese trade, particularly as it followed signs in April that Australia's sbare of the Japanese beef market was likely to fall over the next four years.

Japan is Australia's biggest trading partner, the relationship between them providing the major fulcrum of Western Pacific trade. However Australia's easy ride bas ended.

A study mission sponsored by Australia's Trade Development Council visited Japan last year to assess major Japanese studies of the economic and trade consequences of various oil-price scenarios and the outlook for trade between the two.

The background to the visit was one of dull Australian export performance over the 1970s, during whicb:

● Australia's sbare of world exports fell from 1.7 per cent in 1970 to 1.3 per cent in 1982 (on implied loss of about U.S.\$7bn in exports in 1980);

● Penetration of most maior foreign markets, including Janan's, fell;

● Australia's export growth rates were considerably below the world average, both in value and volnme, and

● Exports failed to play a significant role in CDP growth.

The Australian Department of Trade has identified several broad factors as contributing to this flat export performance, from Australia's concentration on export goods for wbich world demand bas grown only slowly (particularly farm products), to its concentration on less-processed items; from the heovy handedness of its domestic protection regime, which has cramped the growth of maoufactured exports, to the impact of foreign nrotectionism, which affected traditional exports of farm, mineral and mineral-based products.

Prime Minister Bob Hawke's Labor Government is by no means blind to the problems bedevilling local industry, nor to the distortions in Australia's trade pattern.

Fresb schemes aimed at restructuring the local car industry are expected soon, and plans for reducing protection in the textile, clothing and footwear industries may also be forthcoming. In oddition, one of the stars of the Hawke Cabinet, Mr Barry Jones, Science and Technology Minister, argues relentlessly that Australia must de-empbasiae its traditionol bigb-bulk, low-value exports in favour of high-value-added goods and services.

The growth in Australian-Japanese trade dates from the 1960s, the boom period for Japanese heavy industry, when Australian exports to Japan rose from A\$323m in 1960-61 to A\$1.2bn in 1970-71. Over that period, the growth of Australia's sales to Jopan amounted to 35.6 per cent of the total growth in Australian exports.

In the 1970s, there was o rapid increase in Japanese demand for Australian energy products, especially coal. Such exports were worth A\$199m in 1970-71, equivalent to 4.6 per cent of total exports. By 1982-83, the total value of coal sbipments had risen to A\$3.1bn, or 13.8 per cent of total exports. In 1982, 65.2 per cent of Australia's coal sales obroad went to Japan.

However, there is a general trend in Japan away from beavy resource and energy intensive industry towards more skilled and technology-intensive industries, wbich is affecting demand for many of Australia's mineral resource commodities.

The study mission said: "The overall result of Japan's economic maturing, and of the structural adjustments arising from higher energy prices, is that the composition of Japanese import demand has changed, and will continue to change."

The change is generally away from Australia's raw commodity and energy export base. (Australia's main exports to Japan include coal, iron ore, wool, beef, fish, wheat, augar cane and wood pulp; in return, it imports from Japan cars and other consumer durables, plus a brood range of machinery and processed industrial goods.)

In recent times, says the Trade Development Council, Australians have derived solace from the belief that a recovery in Japan's import demand would put the bloom back on Australia's export perfnrmance, given the wealth of its energy and mineral endowments, which have fostered a near-euphoric view of the country's future.

Indeed, in the absence of any other big-ticket alternatives, much of the forward analysis of Australia'a export outlook has been based on this assumption.

However, it reckons that while international economic recovery will provide some relief, prospects for Japanese economic growth and energy demand meon only limited growth prospects for exports of iron ore, and steaming and coking coal, even if exports of uranium and natural gas will grow.

The study group's report ended on a brave note, maintaining that, if Australian companies were prepared to adopt a positive attitude to Japan, it would be possible for Australia to achieve substantial domestic employment and economic growth from the Japanese market.

Toll mounts in Bombay clashes

BY R. C. MURTHY IN BOMBAY

FIFTEEN people were killed and about 150 injured yesterday in further outbreaks of communal violence in Bombay, India's industrial and financial capital.

The toll so far in the six-day riots, which began at Bbiwandi, a manufacturing town with a predominantly Moslem pooulation, is 129 dead, more than 620 injured and 2,800 arrested.

Army reinforcements were rushed to Cozandi, a north-eastern auburb, in the early hours of Tuesday, as rioting continued despite a curfew.

The communal clashes were triggered by a call from Shiv Sena, a local party fighting for priority to be given to Bhumiputras in employment. The rank and file of the party were angered by discourtesy allegedly shown to a portrait of their leader, Mr Bal Thackery by Moslems, at a town in the state of Maharasbtra, wbose capital city is Bombay.

The Moslems' ire was directed against criticism by Mr Thackery of laws governing different communities in India.

Police said later that the situation was under control and a curfew was imposed on three more areas of ibe city, bringing tbe total to 11.

It appeared that warring Hindu and Moslem groups bad been preparing themselves systematically for a clash. For the first time, firearms were freely used by the raiding mob.

Renter adds from New Delhi: Police aod para-military forces bave stepped up security and extended curfews in the state of Punjab after at least 12 people were killed and more than 20 injured by Sikh extremists, police said.

Security forces were put on heightened alert and patrols were increased in Punjab ond the neighbouring state of Haryana after reports suggested a possible new extremist offensive.

The Press Trust of India news agency put the number of deaths from extremist violence over the past two days at 13.

A police official said on unidentified person was attacked and killed early yesterday near Fazilka in aouth-eastern Punjab.

Four Hindu bus passengers were killed and several wounded last night when a group of Sikh travellers forced the driver to stop and then opened fire, near the town of Moga.

Three Hindus were sbot dead and four injured yesterday by extremists at a grain market in Amritsar diatrict near the Pakistan border, the official said.

A policeman was shot dead at a village near Jullunder and a municipal agent was killed in Hoshiarpur district, he added.

The Press Trust of India said police used tear gas and anti-riot sticks to disperse crowds gathered around a municipal worker's funeral procession yesterday. The agency gave no reports of casualties.

Gandhi suffers setbacks in polls for legislature

BY K. K. SHARMA IN NEW DELHI

INDIAN Prime Minister Indira Candhi's Ruling Congress (I) Party took a battering in by-elections on Sunday and Monday to legislatures in 14 of tbe country's 22 states, winning no more than a third of the 24 constituencies where polling was held.

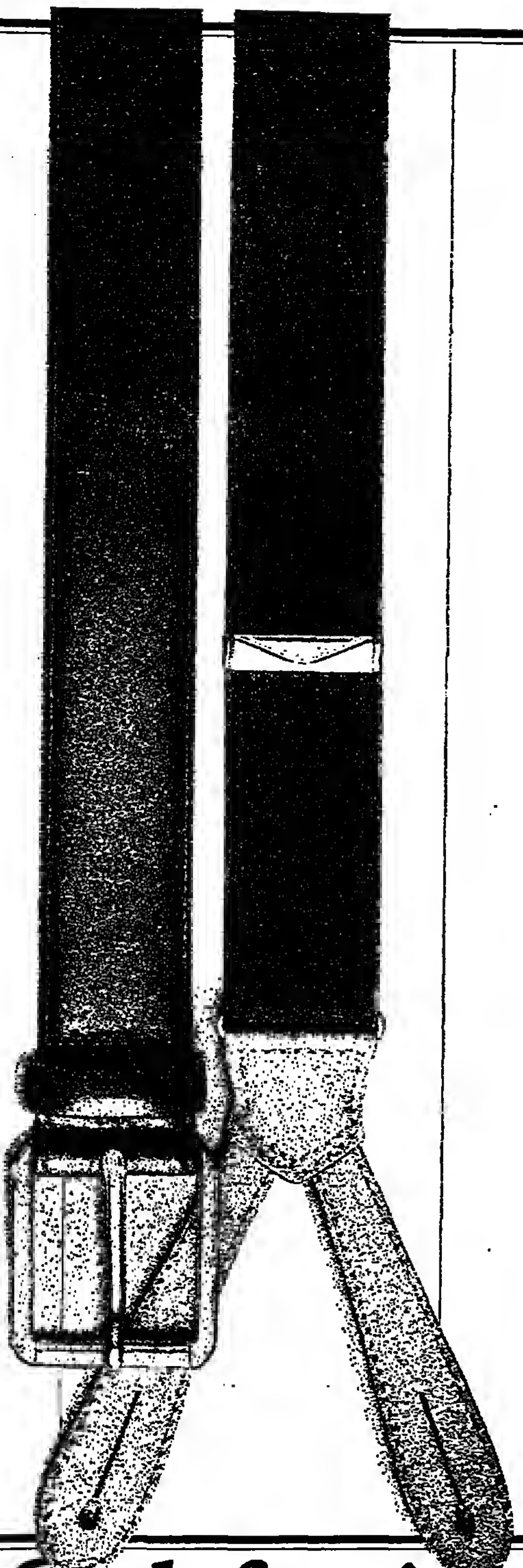
Although the elections were only to state legislatures, they could provide pointers to the result of the general election that must be held before January when the term of the present parliament ends.

The poor showing by the Congress (I) Party, whose leoders had chosen their candidales carefully in the face of a challenge by a number of opposition parties, must have been particularly galling for Mrs Gandhi since one of the constituencies was won by a nominee of her estranged daughter-in-law, Maneka Gandhi, widow of Sanjay Gandhi.

Maneka Gandhi has formed a rival party, the Rashtriya Sanjay Manch, which has successfully challenged the Congress (I) in the key Hindi-speaking northern state of Uttar Pradesh. The Manch has obviously made considerable headway in the politically-important state

Maneka Gandhi plans to contest the parliamentary elections from the Amethi constituency of Uttar Pradesh, which at present is represented by Rajiv Candhi, the elder son and political beir-apparent of Mrs Gandhi. This will now be a close contest. The Rashtriya Sanjay Manch's victory yesterday follows an earlier victory from the same state last December and so is not a mere accident.

The main challenge to the Congress(I) in the by-elections came from parties with a regional base such as the ruling Telegu Desam in Andhra Pradesh and a Tamil party in Tamil Nadu. Both won the seats they contested.

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WORLD TRADE NEWS

UK 'more competitive in foreign markets'

By Stewart Fleming in Washington

THE UK, Belgium, France and Sweden haev enjoyed some improvement in competitiveness during 1983 in comparison with 10 other leading industrial countries, according to an analysis conducted by the International Monetary Fund reported in the bi-monthly IMF Survey.

Canada, Japan and the U.S., in contrast, suffered some loss of competitiveness compared with the other countries in the study. The analysis has been based on movements in the indices of relative costs and prices in the IMF's May issue of International Financial Statistics.

The indices include such items as unit labour costs, wholesale prices and export unit values.

The indices of relative unit labour costs, which is designed to smooth out cyclical swings in productivity, show that of the nine countries reporting data for 1983 costs rose most sharply in Japan (7.4 per cent), the U.S. (6.5 per cent(and Canada (3.9 per cent).

The largest declines in what the IMF calls "relative normalised labour costs"—and thus the largest gains in labour cost competitiveness—came in the UK (minus 7.3 per cent), Belgium (−5.9 per cent) and France (−4.9 per cent).

The IMF says that relative wholesalo price indices for manufacturers in 1983 show similar trends with the biggest increases in 1983 recorded by Japan, Canada and tho U.S. and the sharpest declines by the UK, Belgium and France.

As for export unit valne indices the IMF says that the analysis shows that the U.S. suffered the sharpest loss in price competitiveness with a rise in its relative index last year of 4.7 per cent. Reductions in relative export unit values were recorded by Sweden, the UK, Italy and tho Netherlands, the IMF says.

Dutch include weapons specialist in mission to Peking

BY WALTER ELLIS IN AMSTERDAM

A DUTCH trade mission to China, which arrives today ln Peking, will include a top official from the Defence Ministry in the Hague. China has hinted that it might wish to discuss arms purchases from the Netherlands, and Mr Gijs Vermass, deputy director-general of the materiel department at Defence, was immediately added to the team.

It is known that China wishes to update practically all sections of its armed forces, and Dutch expertise in naval construction, radar, guidance systems and small arms may well meet with appreciation in Peking.

However, the Defence Ministry cautioned against too high expectations from the visit. "We have no idea what equipment they are interested in. That is why we have sent someone with a broad knowledge."

Sino-Dutch trade relations are set for a boost as a result of the seven-day mission. Last December, the Dutch Cabinet vetoed a follow-up order from Taiwan for two submarines, and Peking was delighted that the Hague was ready to pay more than lip-service to its policy of "one China."

The Netherlands and Taiwan have had an increasingly close relationship for several years. KLM and China Airlines of Taipei operate the only scheduled flights between Taiwan and Europe, and Wilton Fijenoord, a Dutch shipyard, had already contracted to build two submarines for the Taiwanese Navy. Trade missions between the Netherlands and Talwan have been commonplace, and are resuming now after a lull that followed the submarines veto.

China offers Pakistan 'favourable credit' for projects

BY MOHAMMED AFTAB IN ISLAMABAD

CHINA has agreed to provide equipment on "very favourable credit" for several Pakistani projects, Mr Ghulam Ishaq Khan, Minister for Finance, said yesterday on his return from Peking.

While in China the Minister attended a four-day meeting of the Pakistan-China Joint Committee on Trade, Economic Cooperation, Science and Technology. The Chinese side was led by Mr Zheng Tuobin, first vice Minister for Economic Relations and Trado with Foreign Countries.

The projects for which the Chinese have signified their willingness to provide finance and equipment are:

A dystuff pigment manufacturing unit in Pakistan;

Downstream industries based on the products of the Soviet-built 1.1m tonnes a year steel works at Karachi;

Exploration, exploitation and ntilisation of natural gas;

Exploration and development of coal;

Manufacture of soyabean-based products;

Tea-growing in Pakistan;

A heavy electrical complex.

The total cost of the projects and the amount of Chinese credit and equipment involved is being worked out. China which is building the nearly finished $70m sports and cultural complex at Islamabad, has agreed to build, also in Islamabad, a multi-million dollar international convention centre, the Finance Minister said.

The Chinese will also provide equipment on favourable credit terms, for npgradation and modernisation of three major works, which have a considerable potential to manufacture heavy equipment for defence, and defence-related requirements.

All the three works were built by the Chinese on grant- and credit-basis, in early 1970s. Pakistan is upgrading them in order to diversify the product range, and to develop their export potential further. Besides the defence equipment, the three works are already manufacturing sugar and cement plants, road-building and construction machinery, and a variety of other products.

A negative element which emerged at the talks in Peking was the adverse balance of trade for Pakistan. The committee expressed its "serious concern" over the matter, Mr Khan said.

The imbalance has emerged because of Islamabad's failure to supply China with raw cotton, following a disastrous cotton crop.

Pakistani exports to China in the year ended June 30, 1983, were $126m. The Chinese exports to Pakistan that year were $136m.

U.S. wine exports get boost

WASHINGTON — The Reagan Administration said it hopes the U.S. can sell more wine to Japan under a new cut in Japanese tariffs that goes into effect next year.

The office of trade representative Mr William Brock placed U.S. exports of bottled wine to Japan at $1.6m in 1982, compared with European sales of about $30m.

The tariff rednction, announced by Japan at the weekend is estimated to amount to about 31 per cent on the average litre of wine shipped to Japan. Tho maximum Japanese tariff on a bottle of wine will be 38 per cent of its price, instead of 55 per cent.

Mr Michael Smith, a trade office deputy, issued a statement calling the rednction a "positive first step." He added the hope that Japan will come closer to U.S. tariff levels. A duty of 37 cents a gallon is charged on still wines entering the U.S. and $1.17 a gallon on champagne.

AP

ICI agrees pact with Soviet Union

By Carla Rapoport

IMPERIAL CHEMICAL INDUSTRIES said yesterday that it has reached agreement with Soviet officials on objectives for collaboration on technology and trade.

Mr John Harvey-Jones, chairman of ICI, and two other ICI officials returned to the UK this week after four days of talks with Soviet officials. The meetings culminated with a meeting in the Kremlin with Mr Z. Nnriev, Deputy Prime Minister for Agricutture.

The Soviets confirmed their intention to purchase ICI's technology for single-cell protein, Pruteen, which is made from methanol and used in animal feeds. ICI officials stressed, however, that a suitable contract for the purchase has yet to be hammered out.

The Soviets also confirmed that their government intends to launch a 2,000-hectare study using ICI's intensive wheat cultivation methods. These include ICI's fungicides, insecticides and growing techniques. If successful, the Soviets may expand the programme to other crops.

ICI expects the links with the Soviet Union will lead to increased sales of equipment and technology, as opposed to finished chemicals.

ICI's purchases of raw materials from the Soviet Union outweigh the value of its exports to the country. Its purchases include crude oil and naphtha. Last year, ICI's sales to Eastern Europe and the Soviet Union totalled £69m, compared with £57m in 1982.

David Hellier looks at the exploits of an unorthodox exporter

'I can't write but I can sell'

MR JIM ROONEY is anything but an orthodox exporter. But then the goods he sells—like giant plastic tablets, foetal trumpets and wooden pestles and mortar—are not exactly orthodox either.

Mr Rooney, who is dyslexic and cannot speak any foreign languages, secured his first export order two-and-a-half years ago in West Germany. That was for 30,000 plastic tablet-shaped paper-clip dispensers for drug manufacturers to remind doctors that they were changing the shape and dosage of their pills.

Since then, his Luton-based company, Altornate Resources, designers and manufacturers of promotional gifts, has set up subsidiaries in West Germany, Sweden, and Holland, and exports to most parts of the world.

This year exports will account for about 20 per cent of the company's projected £1.5m turnover.

Mr Rooney, who had a contract in the UK to promote an anti-gastric acid drug for Smith, Kline and French, the Hertfordshire-based subsidiary of the U.S. SmithKline Beckman pharmaceutical company, decided to try some of their other subsidiaries overseas.

"I sat in my Luton office, telepboned their marketing people in 11 other countries and told each of them I was in their city and could I come to see them over a two-week period," said Mr Rooney.

"It cost me about £3,000 in air fares but we got nearly £250,000 of orders out of the whole trip," he said. "West Germany consumes about four times as many promotional gifts as we do, so I thought that if we could sell 10,000 of something here we could probably sell 40,000 there."

To back np operations in West Germany, Altornate Resources has recently set up a subsidiary company called Alpha 1 in Stuttgart.

Mr Rooney already has a history of clinching export orders in unusual ways. Like when he went to Texas for 20 minutes to sell 100,000 pencil sharpeners. "I could not explain to him on the phone exactly what I meant so I went to see him. Wo were both very busy so I just spent a few minutes there," he said.

When asked to produce something for the Saudi market, Mr Rooney found himself in a bit of a quandary. "Most of the things we make are plastic bnt they wanted something different."

So he came up with a design for a wooden pestle and mortar. "We can come up with three-dimensional solutions to any marketing problem," he said.

In Nigeria, Mr Rooney exported brightly coloured plastic foetal trumpets, hased on the 4,000-year-old Chinese wooden original, but lost £3,000 through payments problems.

"In the past two years, I have come to realise how small we aro in this country, and how many different cultures there are in the rest of the world," he said.

Alternato Resources operates from a 12,000 square-feet factory in Luton, which Mr Rooney bought with the help of a medium-term husiness loan, with about 20 full-time staff. The company was started in his back hedroom in 1979.

Mr Rooney, now 36, first set up business when he was 12 years old, selling toiletries and household goods through a network of schoolboy agents.

When he left school he actually took a pay cut of more than 50 per cent—from £12 to £5 a week—to become an apprentice engineer. "They said I was too young to be a salesman," he said.

After a career as an engineer and later a sales manager, Mr Rooney set up Alternate Resources in the hope of earning a decent salary and making enough to run a car.

"I cannot write or do reports hut I can sell," he said, "and I onjoy myself doing it."

● Jim Rooney (right): clinching deals in unusual ways

Tokyo reviews export insurance

JAPAN'S International Trade and Industry Ministry is studying the resumption of official export insurance for some countries which havo rescheduled their debts, Reuter reports from Tokyo.

Miti, which administers the insurance scheme, said, however that reports it will resume short-term insurance cover for about 10 unidentified countries were not correct.

"This is not the case, but it is true that we have been studying the resumption of export insurance."

Coal board and union to open strike talks

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE NATIONAL Coal Board (NCB) will meet the full executive of the National Union of Mineworkers this afternoon to begin talks on the 11-week-old mineworkers' strike.

Neither side has moderated their wholly-incompatible positions – the NCB still insists it must lose 4m tonnes of capacity with the estimated loss of 20,000 jobs, and the union remains adamantly opposed to it – but both sides are prepared, ultimately, to confront each others' positions to determine if real negotiations are possible.

The talks may begin with an urgent review of the state of the pits, a number of which now face serious deterioration or are in danger from gas or flooding.

Mr Stan Orme, Labour's energy *spokesman – with the close backing* of Mr Neil Kinnock, the Labour leader – played a key role yesterday in clearing the ground between the two sides so that today's meeting could take place.

Earlier yesterday, the prospect of a meeting had rested in the balance as the NCB insisted that the meeting take place at its Hobart House headquarters, while the union refused to cross the line of Kent miners which has picketed the building since the strike began.

Early yesterday evening, however, Mr Arthur Scargill, the union president, said that the pickets had told him they "would not stand in the way" of talks, and would temporarily withdraw so that the executive could enter the building.

Mr Scargill emphasised thet his main purpose would be to demand that the NCB's closure programme be withdrawn to allow a settlement of the dispute. "I'm going to talk about the Plan for Coal that was endorsed in 1981 by a Conservative Government and that calls for expansion in the industry."

He said that if the plan were not withdrawn, "there is certainly no point in continuing the talks" – but he added that he did not expect a short meeting.

The NCB's expectation is that talks could be prolonged, and could only gradually lead to the most contentious areas. A number of union executive members are keen to explore what concessions the NCB might be prepared to make, an anxiety shared by the two mining management unions, which have been active behind the scenes in bringing the two sides together.

The forum for the talks is a regular, bi-annual meeting between the board and the union executive, the next regular date for which happened to fall due today.

The union received a boost from mining unions in other countries on the eve of the talks, with the announcement from a conference of the Mineworkers International Federatioo in Luxembourg that western mining unions had agreed a "coal blockade" on the UK.

These included the U.S., Australian, South African and West German unions, all of which countries export coal to Britain.

In Warsaw, a senior Polish trade official denied reports that Poland would supply extra coal to the UK this year – though be confirmed that shipments of 540,000 tonnes of coking coal, and nearly 200,000 tonnes of other coals, would be delivered as contracts specified.

Mr Rajmund Moric, head of the new miners' union in Katowice, in southern Poland, said that British importers had asked for 100,000 extra tonnes of coal "but they won't be getting them."

Pressures on the union continne, however, as more miners report for work in defiance of the strike. Yesterday 900 Lancashire mineworkers turned up for work in spite of a threat of suspension from the union.

Indicators point to sustained economic recovery into 1985

BY PHILIP STEPHENS

LATEST FORWARD indicators for the British economy show the present recovery continuing into 1985, the Central Statistical Office (CSO) said yesterday.

The CSO said that its longer leading index, which predicts activity in the economy one year ahead, was little changed in April, but the trend over first few months of the year was firmly upwards.

The increases reflected rises in share prices and, to a lesser extent, housing starts, although movements in interest rates and business confidence partly offset the gains.

The coincident indicator, which gives a snapshot of the present state of the economy, also rose strongly over the first few months of the year.

Monthly changes in the indicators have to be treated with considerable caution because they are often based on partial data and are subject to significant revision.

But the indicators have provided a fairly good guide to turning points in the economy, and officials are confident that the general trend points to the recovery continuing at a brisk pace at least into the first half of 1985.

The slight fall in consumer spending in the first three months of this year and a much slower rise in output over the same period are regarded in Whitehall as only a temporary blip.

The performance of the CSO's shorter leading index, however, appears slightly puzzling.

The index forecasts activity six months ahead and has fallen back to last autumn's levels after a brief rise at the turn of the year. The drop apparently reflects lower consumer credit and fewer new car registrations.

It seems at odds, however, with other evidence showing that the economy will maintain its momentum throughout this year.

● Interest rates in the UK look set to rise further over the short term in response to higher levels in the U.S. and the strength of the dollar, according to brokers Capel-Cure Myers.

Mr Roger Bootle, the broker's chief economist, predicted yesterday that short-term rates would rise to 10 per cent by the end of the year, while the return on long-term government securities would rise to about 12 per cent.

Hong Kong bank will leave UK retail market

BY DAVID LASCELLES

THE HONGKONG and Shanghai Bank has decided to pull out of the UK retail market and concentrate on commercial banking instead, with the loss of about 300 jobs.

The change in strategy follows a thorough review of the bank's business in Britain that was begun 18 months ago, shortly after the bank was thwarted in its efforts to get a bigger foothold by buying the Royal Bank of Scotland.

Mr Tom Welsh, the bank's London-based executive director for Europe, who conducted the review, said it had thrown up difficult decisions. "By doing so now we expect to foster sustained expansion in areas where we possess the greatest competitive potential, and at the same time end the uncertainty which has confronted our staff," he said.

The review showed that the Hongkong Bank's retail business was not making a profit, and that the bank's business as a whole in the UK was falling below the high level of profitability it enjoys elsewhere.

The bank will close one of its nine branches, in Birmingham, and reduce its retail services to some long-standing Asian and wealthy clients. About 13 per cent of the total staff of 2,350 will be laid off.

Under the new plan, the bank will concentrate on small and medium-sized companies, offering trade finance, money transmission and a range of money market and foreign exchange services. Links with multinationals will also be developed. The bank particularly wants to market its expertise in the Middle East and the Far East, and it will be introducing some high-technology services next year.

The bank's new thrust will be closely tied to Wardley London, formerly Antony Gibbs, the merchant bank, which it has just relaunched with an injection of £22m.

Hongkong Bank was adamant yesterday that the changes had not been prompted by events elsewhere in the group, and that it would continue to look at new business opportunities that met its profitability criteria. The bank has been saying for some time that it wants a "third leg" on the globe to add to its home base in Hong Kong and its U.S. presence through its 51 per cent stake in Marine Midland Bank.

Although there has been constant speculation that the bank would renew its bid for the Royal Bank if the UK authorities showed signs of allowing it, the bank has also been looking for alternative ways into the UK high street banking market. However, yesterday's announcement seems to confirm that it has abandoned its retail banking ambitions, and moved to cement a closer alliance with beefed-up Wardley to tackle the commercial market instead.

Prior in Ulster pledge

MR JAMES PRIOR, Northern Ireland Secretary, said yesterday that he intended to make a final effort to guide Ulster to a future in which traditions would be respected, Brendan Keenan writes.

He was clearly trying to dispel any image of himself as a "lame duck" after speculation that he might be leaving Belfast in the autumn. Mr Prior said he would have spent three years in Northern Ireland in September, and it was inevitable that people would speculate that he was about to leave. But he owed it to the people of Northern Ireland to speak out plainly and make one more effort to make political progress.

● PRICE WATERHOUSE is merging its management consultancy practice with Urwick Orr. Together they will rank among the leading four management consultancy practices in Britain.

● DOWTY GROUP is to invest more than £21m in its aerospace and defence division, mainly to extend and update its design and manufacturing facilities in preparation for increased workloads.

● AVX CORPORATION, A U.S.-based producer of electronics components, is studying plans to more than double its manufacturing operations in Northern Ireland. Up to 800 new jobs may result.

● UNANIMOUS support for a 48-hour strike aimed at paralysing British ferry services was given by National Union of Seamen delegates in conference in Guernsey. The stoppage, in protest at the privatisation of British Rail's Sealink ferry subsidiary, would "take place soon," the union said.

● LONDON INTERSTATE Bank, the UK-based consortium bank, is to be bought out by one of its shareholders, Sparekassen SDS of Denmark for an undisclosed sum. The deal is the latest in a string of consortium bank restructurings involving Scandinavian banks, many of whom now prefer to go it alone rather than in joint ventures.

The other shareholders in LIB are Gotabanken of Sweden, and Maryland National Bank and The Indiana National Bank of the U.S. Each has a 25 per cent holding.

● UK BANKS will have to ask their shareholders for more capital, but not immediately, according to a new report on bank stocks from W. Greenwell, the stockbrokers. Budget changes, bad loan provisions and high debt loads are all straining capital ratios, it said.

● BRITISH RAIL Property Board made a record £103m cash contribution towards the finances of British Rail during 1983. Since 1970, it has handed over more than £600m to BR.

The board, which manages the British Rail property estate, is charged with the job of maximising its cash contribution to the railways. Last year's payment to BR was £24m more than in 1982 and was derived from the sale, development and management of railway property assets.

● TV-AM, the independent breakfast television channel, has begun a fresh round of cost-cutting and says it will try to maintain its present audience figures rather than go for growth. The channel lost £12m in its first year in business.

● SAINSBURY, the supermarket chain, which was recently voted the most successful international food retailer, yesterday beat trade expectations to announce preliminary pre-tax profits for the last financial year up by more than 29 per cent.

Pre-tax profits for the year totalled £130m compared with £100.7m in the previous financial year. Sales, including value added tax were up by just over 16 per cent to reach £2.688bn.

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UK NEWS

Hazel Duffy reports on a "genuine risk-sharing" cross-Channel proposal

Bankers revive the Chunnel dream

YESTERDAY'S REPORT by five British and French banks into the feasibility of financing a fixed link across the Channel is undoubtedly the most comprehensive and detailed examination of the financing possibilities that has ever been attempted.

Armed with this report, and the technical and economic feasibility report by the Anglo-French study group published in 1982, it is now up to the British and French governments to decide whether they want to take the idea further.

After the abandonment in 1974 of the publicly guaranteed Channel tunnel scheme, the idea would presumably have lain dormant for many years if the British and French railway authorities had not proposed a low-cost rail only tunnel five years later.

Other proposals for a fixed link were put forward – including a suspension bridge and a bridge/tunnel – by consortia of companies put together for the purpose.

The key feature of the railway authorities' proposals and subsequent schemes was the restriction of government interest to an absolute minimum. Both governments had stipulated that they would look favourably on any scheme provided it could be financed from the private sector.

This, then, is the key to the present report, published yesterday simultaneously in London and Paris by the five banks – Banque Indosuez, Banque Nationale de Paris, Credit Lyonnais, Midland Bank and National Westminster Bank.

The difficulties encountered by the banks from the outset are quickly identified. The financial markets have no experience of an infrastructure project of Channel link proportions, without government support. The characteristics of a link – its length, period of construction and cost – would be exceptional in any event, but the stipulation that the major part, or even all of the financing, be provided by private investors and limited recourse lenders presents particular problems.

The report consists of two volumes – volume I is in three parts: an appraisal of the fixed link options; financing alternatives and organisational requirements; and a study of the Community aspects for the European Commission.

Volume II consists of computer evaluations comparing the fixed-link options, and financing the preferred scheme which is the twin seven-metre tunnel carrying rail and roll on/roll off traffic.

The choice of this scheme will provoke intense criticism from the companies whose schemes have been set aside, especially as the banks agree that the so-called drive through schemes were considered attractive for users with the resultant probability of increased revenues.

The scale of the technical issues was considered such that in most cases the financial market would not assume the construction risk.

The dual-board rail tunnel option is preferred as most likely to be acceptable to investors and limited recourse lenders with the minimum level of governments/EEC support.

The study team then looks at the three main funding categories: investment capital, bond issues and loan facilities, in each case the historic capacity of the market being stated under the UK, France and the international market.

Because of the size of the project, money would need to be raised from the widest possible range of markets. A minimum level of equity participation is deemed necessary both to demonstrate the interest of investors and to finance early expenditure, the amount, £540m, to be raised equally in both countries.

Bond finance would play a major role because of the long-term financing needs, indexed bonds and revenue bonds being suggested in the report. It is suggested, however, that any major bond issue requiring a first class rating for a new entity such as a tunnel company would need third party support.

Banking loans are likely to provide the major portion of the finance required, and, in view of the magnitude of the funds required, worldwide syndication would be necessary.

The report comments: "It is difficult to assess objectively the market capacity but for a robust and attractive project it is felt that the willingness to lend might push forward the perceived limit of the market."

Two options for financing the preferred scheme are set out in the report. They are for consideration by the governments/EEC, not by the financial/construction markets which, says the report, would automatically choose the procedure with minimum risk to themselves.

In the first structure, investment capital and non-recourse bank debt would be utilised for the construction and refinancing of the bank debt from the third year of operation by issue of Revenue Bonds. Government undertakings would be necessary at the outset, but it would be the banks that would be taking a substantial portion of the risk in the first two years.

In the second structure, the objective would be to provide the maximum amount of non-recourse bank debt without creating the need for refinancing, implying that the non-recourse bank loan would be repaid only from net revenue. Some protection for equity holders would be necessary in the event of the loans not materialising at the end of the first two years – this would have to be provided by governments/EEC.

The report emphasises that, "whatever financing procedure is adopted there will need to be some involvement of governments, or the EEC, not only in the inherent requirements for a treaty but also in various levels and degrees of financial support. However, the intent has been to demonstrate that a genuine-risk sharing arrangement is possible."

The banks propose that two national companies, one UK, one French, be linked by a Joint Venture Agreement, referred to as the Channel Tunnel Authority; a treaty would be signed setting out the political agreements between the countries and the relationship between the governments and each of the two companies in the overall organisational structure. This would avoid the necessity to create a whole new legislative structure.

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TECHNOLOGY

EDITED BY ALAN CANE

ALAN CANE AND LOUISE KEHOE REVIEW PROGRESS IN BRIEF-CASE COMPUTERS

Portables: carried away with their own potential

SUDDENLY, THE LAP, OR FULL FUNCTION PORTABLE COMPUTER IS COMING INTO ITS OWN.

New machines with capabilities well in advance of the first generation of portables are making their debnts; with the launch of Hewlett Packard's portable, the market has acquired a respectability of the kind the personal computer market gained when IBM launched its PC.

And the arrival of the Epson PX-8, together with the Sharp PC 5000, gives an indication of how the Japanese view the portable computer market.

Consultants, such as IDC Enropa, agree that the portable computer market seems set for faster growth than that for stationary machines.

***There is a new and positive* confidence from the suppliers. Mr Sam Wiegand, chief executive of Grid, the U.S. company which makes the "Compass" portable computer which everybody agrees was ahead of the market when *it* was launched two years ago, said last week: "1984 is the year the world is going to discover that the briefcase-sized portable is what people want on their desks."**

Most of these lap computers are physically very similar—a small lightweight cabinet housing keyboard and eight or 16-bit processor

Rugged machines like the Grid Compass or the UK-manufactured Husky Hunter are inevitably heavier than plastic-bodied machines. The Compass uses an attractive bnt expensive electro-luminescent display.

Here we examine two of the more significant recent launches.

IBM DID not need to call its "personal computer" anything else. When the computer giant ontered the market for desk-top microcomputers in 1981, it simply claimed the initials "PC" for its own.

Now, Hewlett-Packard is hoping that it, too, can claim title to an emerging sector of the computer business with "The Portable." There are, of course, other portable computers around, bnt HP claims that its machine will "set new standards against which other portable computers will be compared."

Such bold claims are part of Hewlett-Packard's new aggressive thrust st the personal computer market.

The portable represents HP's third major product in the market. First, there was the 150, the touch screen personal computer. Then came the "Thinkjet" a small, low-cost ink-jet printer.

Now, HP has added "Ths Portabls" and the company is determined to sell 200,000 personal computers by the end of 1984—up from just 25,000 in its first fiscal quarter.

With The Portable, HP aims to awaken the mass market for portable computers among professionals who spend a significan amount of time doing business away from their offices.

Previous "portable" computers bave been either too big and beavy or small bnt limited in functionality, HP claims. "Transportable" computers such as tha Osborne, Compaq and now the IBM portable, are simply down-siza desktop personal computers, says HP. They are also limited by their dependence upon an AC power supply.

But these "luggable" computers bave taught the market that a personal computer that can be moved around is more useful than one that sits on a desk and have raised expectations for something smaller and more portable, suggest HP executives.

With its new machine, HP has taken a running jump at the "technology barriers" to high performance portable computers. The company hss cleared the first burdle—the creation of a rugged, high-density package. The "portable" is a nine pound, binder-sized computer that can apparently be dropped (although HP's demonstrators could not bring themselves to do so).

At ths critical "large flat-panel display" barrier, HP has bowever come close to a refusal with a 16-line, 80-column liquid crystal display that barely meets the minimum requirements of business computing applications.

To reduce power consumption, it has turned to CMOS (complementary metal oxide semicondnctor) chips. The beart of the portable is a CMOS version of the Intel-designed 8086 microprocessor.

The critical power-hungry part of a computer system, the data storage disk drive, has been overcome through the use of what HP calls a solid-state disk drive.

This is not really a disk drive at all, but rather a collection of non-volatile memory chips that fool the computer (an'J the user) into thinking that they are a floppy disk drive unit with a capacity of 272 kbytes. In addition to their low-power requirements, the chips offer the advantage of being less prone to breakdown than the mechanical parts of a real disk drive.

HP sails over the third power fence with a low-power interface that can link the portable to HP desk-top computers or suitably equipped IBM-compatible personal computer from other manufacturers. The simple-to-use HP-1L connection, establisbed to link earlier HP computer and calculator products, provides a simple solution for data transfer from desk ridden computers.

When it meets the less well defined area of software, the HP portable mskes a determined effort. Application programs are built into the compnter in ROM (read only memory) chips. A special version of Lotus 1-2-3, the top selling business applications package, is integral. A "memomaker" word processing pacage, terminal emulation and HP's own "personal applications manager" are also included.

HP seems to bave toucbed a foot in the water at this point by apparently "fixing" which programs the portable can use. It is possible to transfer other programs to the machine by way of an additional (conventional) disk drive, but the odds are that few software developers will rusb to produce special versions.

Despite its taults, however, the HP portable's form is promising. Priced in the U.S. at $2,995, the product bas few rivals in the emerging portable computer market.

HP's growing retail distribution network, combined with the companies reputation for high quality reliable products could make "the portable" an early leader in wbat is expected to become the highest growth segment of the personal computer market.

Left, the Hewlett-Packard Portable computer; right the Epson PX-8. The black component lying above the keyboard is a plug in software cartridge

THEY SHOULD be fluorescent orange, but *they* are black. Tbey should have a neat knob on top to make insertion and removal simple — 1 needed a screwdriver to take them easily from their sockets.

Tbey are the cartridge software supplied with the Epson PX-8, the latest computer from the company which, with a striking advertising campaign for its earber HX-20, did a lot to popularise the lap computer.

In its day (Epson still sell it at £400), the HX-20 was a remarkable machine, combining full-size keyboard, large liquid crystal display, paper roll printer and tape transport all in the one box.

Tbe PX-8, takes tbe Epson philosopby a long way further down the road althougb it has deficiencies which mark it out as an Interim product for ths computing enthusiast rather than a complete business portable.

The cartridge software, for example; this is, in principle, an excellent idea which other manufacturers could copy to their advantage.

The machine has the most popular 8-bit operating system, CP/M, built in. Programs sucb as Microsoft Basic or Micropro Wordstar can be loaded by inserting cartridges through a trap in the base of the macbine.

Tbe objection is that the cartrldges bave to be loaded into carriers mounted directly onto the printed circult board —no business computer should ever admit to baving printed circuit boards—and the cartridges themselves are primitive, simply plastic packaged chips wrapped round simple carriers. easy to losc (so why not a brigbt colour) and not very pleasant to bandle.

These may seem trivial objections but these cartridges are a major feature of the new machioe and merited as much care as the rest of what is a very nicely designed machine.

Only slightly larger than a sheet of A4 paper and welghing less than four lbs, the PX-8 features a clear liquid crystal display of 80 characters by 8 lines—amply big enough for most word processing or spreadsheet applications.

A cassette recorder is built in similar style to the HX-20 but there is no roll printer—Epson reasons that its new range of small, lightweight printers (see this page April 16) will cater for most users.

Perhaps against the trend, the PX-8 uses an 8-bit microprocessor for processing, but there are three separate processors in the machine, Epson clearly reasoning that the wealth of business software made available to tbe nser, by virtue of the CP/M operating system, is sufficient trade off against the superior processing power and IBM compatibility of 16-bit portables like the Sharp or Hewlett Packard.

A feature of the PX-8 which seems set to become standard in portabls machines is the "solid state disc"—semiconductor memory which behaves to the operating system as if it was a disc.

In practice, the machine is easy to use—once you know what you are doing and it does belp greatly if you have used CP/M before. The system comes complete with two bulky reference manuals, one outlining system operation, the other a guide to Epson's enhanced version of Microsoft BASIC.

This is perhaps the best indication that the PX-8 is for the enthusiast rather than the businessman who wants to use computers without knowing anything about them—or for the dp department in a company which could carry out all the necessary programming for specific applications.

Where the PX-8 scores is that for the money—the standard machine with 128K of RAM costs only £798, Epson has managed to provide a wbole host of powerful features in a portable form.

Comparison with, say, the Hewlett Packard computer is bardly fair because it costs more than twice as much; true user friendliness (which means an absence of thick operating manuals) does not come cheap.

Epson regards the PX-8 as a very important machine in its portable family; there can be little doubt that OEMs will find it a very useful computer for specific applications, just as they bave already done with the HX-20.

Communications

Micro-processor telex

A MICROPROCESSOR that can send and receive telex messages while performing other tasks has been put on the market by Ceedata of East Molesey, Surrey.

Incoming messages are produced automatically without interfering with the machine's operation. The printer also receives when the micro is switched off and variable gaps between outgoing messages allow incoming calls to be received.

Messages can be prepared and edited on the screen and also while performing word processing, by calling them from a telex file. Dialling and retrying of busy numbers is automatic, leaving the operator free to continue other tasks. The machine is approved by BT and costs £3,995, including printer. More on 01-941 4889.

Equipment

Engine testing

GENDEAL of Walton-on-Thames is offering microprocessor based equipment for automatic testing of engines and components.

Known as Cellmate, the system is made by Digalog Corporation in the U.S. and uses software called Toolbox which allows the user to program tests, define procedures and control the format of output information without using computer language.

Test programming is via a series of "forms" to be filled np on the VDU screen. The system is flexiblo in that it allows limits of the parameters being monitored to be set according to the requirements of each procedure. For example, high oil pressure may call for immediate shutdown of the test in one case or simply require an adjustment to be made in another.

Optional equipment includes a built-in 40 column thermal printer and Winchester disc drive, or flexiblo disc mass storage. The former provides up to 20 megabytes and the latter up to one megabyte.

In addition, Cellmate is able to interface with instruments such as oscilloscopes, vibration and exhaust emission analysers and other computers via RS232, IEEE488 and parallel digital connections.

The equipment accommodates 96 analogue inputs of up to 10 volts and generates 32 analogue outputs for control or setpoint purposes. More on 0932 247822.

Company Notices

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NOTICE IS HEREBY GIVEN tbat resulting from the Corporation's Declaration of a Dividend of $1.25 (gross) per sbare of the Common Stock of the Corporation, payable on the 9th June, 1984, there will become due in respect of Bearer Depositary Receipts a gross distribution of 6.25 cents per unit.

The Depositary will give further notice of the Sterling Equivalent of the net distribution per unit payable on and after the 15tb June, 1984.

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ENERGY REVIEW

Oil stocks: building up a panic buffer

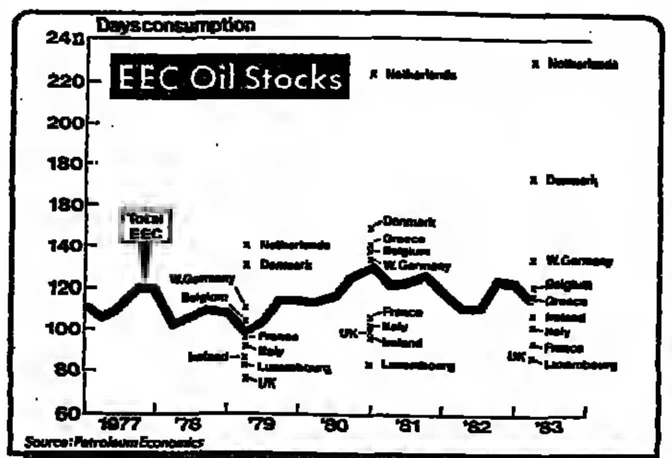
By Richard Johns

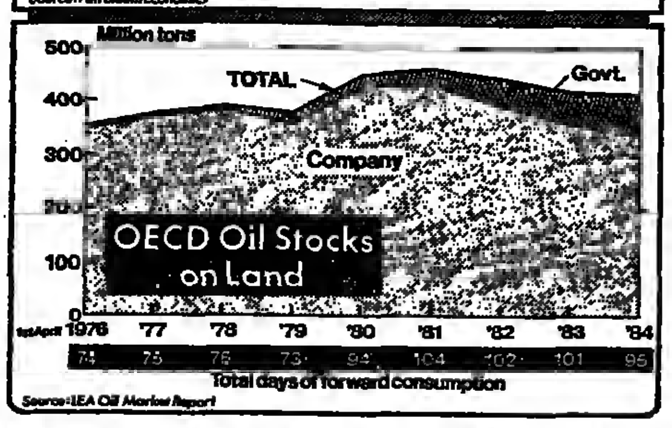
WORLD CONSUMERS seem far better prepared for any disruption of oil supplies resulting from the Gulf conflict than they were in 1979. Then a halt to Iran's production in the wake of the revolution during the first quarter precipitated a doubling of official selling prices in little more than a year.

The important difference now perhaps is the widespread understanding that the 1979-80 escalation, led by panic buying on the spot market, was not justified by the shortfall and was spurred by the fear of shortage rather than an actual one.

So far, in contrast to the frenzied situation five years ago, the oil industry, with confidence fortified by an over-hang of supply capacity, has taken a relaxed view of the crisis in the Gulf and the possibility of losing 7.5m-8m barrels a day, 16 to 17 per cent of consumption outside the Communist bloc.

Stocks in the industrialised countries, reassuringly, are much higher in relation to considerably reduced demand than they were five years ago. At the end of April the International Energy Agency calculated those on land in member states of the Organisation for Economic Co-operation and Development to be 412.2m tonnes, or 93 days' of forward consumption. That compares with 70 days' supplies at the beginning of 1979 when the Shah's regime collapsed.





The level has been falling from the high point reached in mid-1982 when stocks in the industrialised countries, as recorded by IEA, amounted to 104 days' of forward consumption. Overall it remains comfortably above the equivalent of 90 days' of net imports required by the IEA of members. However, that global picture is somewhat meaningless because of the concentration of oil production in a minority of states and the high degree of U.S. self-sufficiency.

Members of the European Community are committed to stocks amounting to 90 days of forward consumption but the UK has a lower obligation of 76½ days because of its own output. But they varied widely within IEA at the start of last October.

In the wake of the Iranian revolution the oil companies built up their inventories precisely because of their fears of future shortages, a process which was given added stimulus by the outbreak of the war between Iraq and Iran in the autumn of 1980. From mid-1982 they progressively reduced them, because of falling demand, falling prices and high interest rates.

In the meantime, stocks held by governments heve increased from only one day of forward consumption in 1978 to 17 days' now. The U.S., with its strategic petroleum reserve, Japan and, to a lesser extent, West Germany have been mainly responsible for compensating for the reduction in commercial inventories.

Now approaching 400m barrels, the SPR would account for nearly 80 per cent of U.S. government stocks. The reserve, if mobilised, could be the single most important device for dampening down any speculation in the event of serious dislocation of Gulf supplies.

Earlier this year the Administration, having previously stuck adamantly to the principle of market forces," finally said that it could be drawn down in the event of a crisis through a system of auction to the private sector.

A possibly serious obstacle to its use bas now appeared in the form of Congress. The U.S. Department nf Energy has decided that congressional authorisation would be needed for the first planned test sale of 1.1m barrels and there are doubts whether Congress will be prepared to give the go-ahead in an election year.

It is not clear how serious a crisis would have to be to remove these inhibitions about the use of the SPR. Whatever the situation, the value of Saudia Arabia's floating stockpile spread from the Far East to the Carribean is not being underestimated by the oil industry, even if its volume—equivalent to two to three weeks of current Saudi exports out of the Gulf—may appear small.

It could be of critical importance in restraining spot prices in the dangerous initial period following any blockage to the flow of Gulf oil.

Up to half of the volume which has been passing through the Strait of Hormuz could be compensated for by under-utilised capacity elsewhere. But it could not be on tap immediately and with the inevitable distortion to the pattern of worldwide distribution resulting from a sudden Gulf stoppage, there would be a delay before other supplies found their way into the market.

Uncertainty about the use of the SPR has hampered planning by the IEA for a major crisis of the kind envisaged when the International Energy Programme was formulated a decade ago. Under it, an interruption of supplies is defined as one of more than 7 per cent of the consumption of member states in the previous 12 months. The shortfall in supplies of 2.5m b/d early in 1979 was not sufficient to trigger it off. Even so, it had serious consequences for prices. In the event of another "sub-crisis" the U.S., Japan and Europe could find themselves making their own arrangements with only minimal co-ordination through the IEA.

Stocks held by EEC members —which last year depended on the Gulf for 40 per cent of oil supplies—look healthy enough in terms of volume at over 90 days' forward consumption. How effectively could they be released in a "sub-crisis" and to what extent they can be regarded as a genuine security reserve? That was one question the European Commission asked Petroleum Economics Limited (PEL) to look into last year. The consultants were also asked to examine ways in which stocks could be increased by an extra five days' consumption and the best method of holding such stocks —in particular, the advantages of centralised storage at national or EEC level.

PEL'a report, which was submitted in March, found a varied pattern in Europe in methods of holding stocks and their availability in an emergency. It pointed first to the elear advantages of centralised stocks under a specially established institution.

Only three members have them. The most substantial centrally flow-controlled stockpile is West Germany's EBV. It was set up in 1978 to hold 65 days' consumption, about 72 per cent of which is owned by EBV and the rest by oil companies under various leasing arrangements. Stocks are distributed regionally in a ratio to consumption.

The Netherlands' central organisation, ICOVA, created six years ago, includes all refiners and most independent importers as voluntary members. Earlier this year it held 30 to 40 days' supply (depending on product eategories) on behalf of refiners, and 55 days' for importers, compared with the total national obligations of 90 days' and 70 days' respectively.

The most comprehensive in relation to a country's needs is Denmark's FDO, another voluntary association with only one relevant company e non-member. It has at its command 90 daye nf consumption. As yet, Greece'a legislation does not conform with EEC directives, but the Government has under its eontrol 100 days' supply.

The Italian Government has a small strategic stockpile amounting to five days' consumption managed by ENI, and Ireland one of 10 days' under the care of Gulf Oil. But, like the other members of the EEC, they bave basically decentralised systems. Under them no distinction is made between obligatory stocks and those held fnr commercial purposes. In practice, a significant and rising proportion of stocks are required to maintain transportation, refining and distribution systems. Such crude end products do not in any way constitute a security reserve. PEL concluded that operational stocks constituted of anything from 25 to 45 days' supply depending on the complexity and efficiency of distribution systems.

This led to the conclusion that the amount available in an emergency varied from 45 to 100 days' consumption and the holdings of many member states' did not qualify as "those quantities which would be fully at the disposal of member states." Only West Germany, Denmark and Greece appeared to meet the 90-day obligation.

"The nther eountries would seem to lie within the range of 45-60 days with Belgium, Luxembourg and Italy tending towards the upper range and the UK, France, Italy and the Netherlands towards the lower end."

One nf the conclusions was that the European Community is not adequately prepared to react to a potentially damaging "relatively minor supply disruption." The oil merket is far more fragmented than it was in 1979 and the effect of a "sub-crisis" would be far greater proportionally in terms of price volatility. Therefore, PEL broadly favours the proposal for ao extra five days' buffer stock organised on a supra-natiooal, Community-wide basis aod readily accessible in ao emergency.

Yet the report observes gloomily that eveo if such a system were adopted, it might not be effective in reducing the impact of a supply shortfall oo international prices—or even alleviating world shortages because of the "likely teodency in such circumstances for the international oil eompanies to allocate supplies on a global basis."

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C. E. Coates	10¼%	Whiteaway Laidlaw	9¼%
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FT COMMERCIAL LAW REPORTS

Trade mark licence lost by late guarantee

SPORT INTERNATIONAL BUSSUM BV AND OTHERS v INTER-FOOTWEAR LTD

House of Lords (Lord Hailsham of St Marylebone, LC, Lord Elwyn-Jooes, Lord Keith of Kinkel, Lord Bridge of Harwich and Lord Templeman): May 17 1984

THE COURT cannot grant relief from forfeiture of a licence to use names and trade marks where the forfeiture arises under the clear terms nf a contract between licensor and licensee.

The House nf Lords so held when dismissing an appeal by Inter-Footwear Ltd from a Court nf Appeal decision that it was not entitled to relief from forfeiture of licences to use names and trade marks granted in it by Sport International Bussum (BV) (SI) and others.

* * *

LORD TEMPLEMAN said that SI sold and supplied footwear manufactured by its subsidiary in Taiwan. In 1974 it agreed that Inter-Footwear should become the exclusive distributor nf its goods in the UK for 10 years, with the right to use its trade marks, registered designs and names.

In 1981 both parties fell out. SI instituted proceedings against Inter-Footwear, in the Queen's Bench Division for breach of the agreement, and in the Chancery Division to restrain it from using the trade marks on goods other than SI's goods.

Inter-Footwear denied that SI was entitled to any relief and counterclaimed in the Queen's Bench action for breach of an alleged obligation to supply goods at cost price.

The parties settled their differences by a consent order made in the Queen's Bench action. In terms set nut in the schedule to the order Inter-Footwear agreed to pay SI £105,000 in three instalments of £35,000. It agreed to procure two guarantees.

*

The first guarantee was to secure the payment of the second instalment, and the second, immediately on payment of the second instalmeot, was to secure payment of the third instalmeot.

In the schedule Inter-Footwear acknowledged SI's absolute proprietary right to specified names and trade marks. SI granted Inter-Footwear an exclusive licence for two years from the date of the consent order to use the names and trade marks on footwear in the UK, North America, South Africa and nther eountries, and to use them jointly with SI in Iceland, Spain and Gibraltar.

Clause 13 of the schedule provided that if Inter-Footwear failed to pay any instalment nr to furnish either guarantee on the due date "(a) the full unpaid balance of the £105,000 shall forthwith become due and Sport International may enter judgment... and (b) the licences... shall forthwith determine."

*

The first instalmeot of £35,000 was paid and the guarantee for the second instalment was duly furnished. The second instalment was paid on the specified date, but the guarantee in respect of the third instalmeot was not furnished on or before that date because the guarantor had not been informed that its liability under the first guarantee had ceased.

On June 20, 1983 SI claimed that the licence granted under the consent order had determined as a result of the guarantor'a failure to furnish the second guarantee on time. On June 23, SI signed judgment for £35,000, the third instalment, on the footing that clause 13 had come into operation.

The second guarantee was tendered on June 27 and SI's judgment for £35,000 was subsequently set aside. On October 7, SI took out a summons in the Queen's Bench proceedings, asking for a declaration that it was antitled to £35,000 and for a declaration that the licence had beeo determined pursuant to clause 13.

Mr Justice Staughton and the Court of Appeal beld that the court bad nn power to grant Inter-Footwear relief against forfeiture of the licence.

*

The consent order constituted a contract between SI and Inter-Footwear, in the terms set forth in the schedule. SI abandoned all its claims and granted Inter-Footwear the licence, and Inter-Footwear abandoned all its claims and agreed to pay £105,000 and to procure the stipulated guarantees.

The £105,000 could not be equated with a purchase price for the licence. It was part of the consideration offered by Inter-Footwear and accepted by SI for the consent order which settled all disputes between the parties. The licence, subject to determination, was part of the consideration offered by SI and accepted by Inter-Footwear.

The parties chose tn compromise on the terms set forth in the schedule tn the consent order and on oo other terms. The clauses which provided for the guarantee and determination of the licences were unambiguous. The inclusion of elause 13 in the contract and SI's reliance on that clause did not constitute conduct which could be stigmatised as oppressive or unconscionable.

Inter-Footwear claimed relief against forfeiture. It admitted that the late tender of the second guarantee was a breach of the contract, that time was of the essence, and that by the express terms of clause 13 the licences were determined.

But it submitted that equity had power to reinstate the licences because clause 13 was only intended to secure the payment, punctual or not, of the £35,000 which was tardily guaranteed and had oow been paid.

Mr Wilson for Inter-Footwear cited a number of authorities dealing with penalties. But in the present case the £105,000 was not a penalty. Nor was it the purchase price of the licences. It was a sum payable by Inter-Footwear in part consideration for all the benefits provided by SI as consideretion for the consent order—including the abandonment of all claims and a grant of two-year licences subject to termination under clause 13.

He also referred to authorities which, be suggested, sbed a little doubt on the principle that equity would not grant specific performance where time was nf the essence and default was made and not waived. Those authnrities did not justify re-writing the eonsent order so that time ceased to be of the esseore.

Mr Wilson ultimately relied on *Shiloh Spinners [1973] AC 691, 723* where Lord Wilberforce reaffirmed "the right of courts of equity in appropriate and limited cases to relieve against forfeiture . . . where the primary nbject of the bargain is to secure a stated result . . . and where the forfeiture provision is added by way of security . . ."

That case concerned a right to forfeit leasehold property for failure to repair fences and maintain works for the protection of adjoining property.

In *Scandinavian Trading Tanker [1983] 2 AC 694, 702* Lord Diplock confined the power to apply the equitable doctrine of relief against forfeiture to contracts concerning the transfer of proprietary or possessory rights.

Mr Wilson submitted that in the present case the licences to use the trade marks and names created proprietary and possessory rights in intellectual property. He admitted, however, that so to hold would be to extend the boundaries of the equitable doctrine of relief against forfeiture.

It was not a suitable case in which to define the boundaries of the doctrine. It was sufficient that Inter-Footwear could not bring itself within the recognised boundaries and could not establish an arguable case for the intervention of equity.

The recognised boundaries did not include mere contractual licences and there was no reason for the intervention of equity. The case concerned an unusual contract which brought hostile litigation tn an end. It included a number of provisions which could not be dissected so as to attribute different degrees of importance to different rights and obligations.

*

There was no reason for altering SI's rights nr Inter-Footwear's obligations under clause 13, or any nther clause. There were profound objections tn the intervention of equity. In the Court of Appeal *[1984] 1 All ER 376, 384* Lord Justice Oliver indicated powerful reasons why the parties should be left to their bargain.

He said: "One can hardly conceive of a case in which certainty is more important than in a contract putting an end tn litigation. The fact that part of the subject matter was the use of a trade mark underlines the need both for certainty and for the avoidance of delay; for, if a licenre is determioed, the licensor will wish tn know at once . . . whether be is entitled to preserve or build up his goodwill by entering on the territory himself or granting licences to others."

It might be that none of those factors was decisive, but in combinatioo they led to the conclusion that the appeal ought to be dismissed.

Lord Hailsham, Lord Elwyn-Jones, Lord Keith end Lord Bridge agreed.

For Inter-Footwear: Alastair Wilson (Lovell White and King).

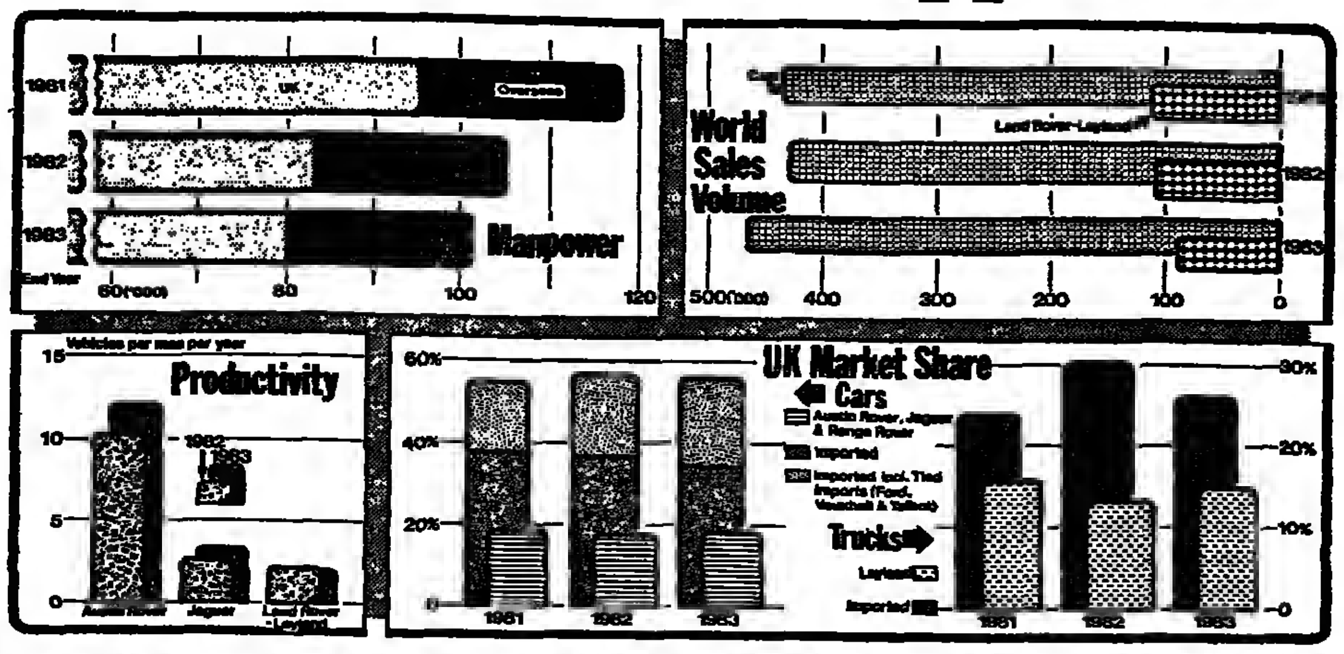
For SI: Colin Ross-Munro QC and Michael Burton QC (Baker and McKenzie).

By Rachel Davies
Barrister

UK NEWS

Kenneth Gooding assesses the future for Leyland Vehicles

BL's plan wins reluctant approval



THE BOARD of BL, the state-owned motor group, has been waiting since last December to win government approval for its latest corporate plan, which was finally forthcoming yesterday.

Two factors in particular contributed to the unprecedented delay.

The BL directors and Mrs Margaret Thatcher's ministers could not see eye to eye about the terms on which Jaguar, the luxury car subsidiary, should be returned to the private sector.

The Government was also sensitive about the proposals for the closure of the Bathgate truck plant in southern Scotland, accurately anticipating a political outcry.

The Government has imposed its views about Jaguar on the BL board. Reluctantly, however, is has permitted the original proposals for further rationalisation of the Leyland truck business to go ahead unaltered.

Operations at the 20-year-old Bathgate plant, west of Edinburgh, are to be phased out over the next two years. The plant – which makes Leyland's export vehicles – employs 1,770 and 518 were given 90 days notice yesterday. Another 525 will leave when truck assembly ends next year.

The rest of the Bathgate jobs will go when Leyland stops production of the 98-series light truck engines in 1986.

Leyland – learning a lesson from the BL car division where productivity at some plants due for closure picked up as employees made sure of winning substantial redundancy payments – has promised "greatly enhanced" redundancy money "in return for orderly working during the lengthy period the plant is run down."

A typical 50-year old employee with 15 years' service could receive over £7,000 tax free, about £5,000 more than the statutory minimum. But even that payment will not look particularly attractive in an area where estimates suggest that the unemployment rate is 20 per cent.

Unions have argued that Leyland or the Government should have provided more cash for Bathgate to keep it going until world truck demand picks up again. But Mr Ron Hancock, Leyland Vehicles' chairman said yesterday: "More money from the Government or anyone else would not solve the problem of excess capacity or help reduce costs."

He pointed out that Leyland's two truck plants – at Bathgate and at Leyland, Lancashire, in north-west England – between them have the capacity to produce over 40,000 trucks a year and could have coped with the entire UK demand in 1983.

Compared with that capacity, Leyland produced only 11,000 trucks last year. It expects the total to rise to 12,000 in 1984 as UK demand picks up again.

Mr Hancock suggested that total UK sales of trucks over 3.5 tonnes gross weight will rise from last year's 50,000 to a maximum of 55,000 in 1984 and possibly to 60,000 next year. "But demand will never again reach the 80,000 we saw in 1979," he insisted.

Looking two or three years ahead, he saw no improvement in export orders from those developing countries such as Nigeria which traditionally have provided Leyland with substantial business. As recently as 1979 Leyland exported over 10,000 trucks. In 1983 the total was 2,700.

The Leyland board struggled hard to keep some kind of production at Bathgate, even though many of its critics have been saying for years that the plant was surplus to requirements. Since 1978 Bathgate has received no less than £30m of Leyland's capital expenditure.

Leyland finally baulked at spending the further £30m needed for the introduction of a diesel engine to be made under licence from the Cummins company of the U.S. The engine, called the Family One, would have powered Leyland's medium trucks and would also have been sold from Bathgate to Cummins' agricultural equipment and industrial equipment customers in continental Europe.

In 1981 when Leyland and Cummins announced their proposed deal, they made optimistic noises about potential demand rising to 40,000 engines a year by the end of the 1980s. After two years of deep recession, they have changed their minds.

Leyland now believes it would be cheaper to buy the engine from Cummins and has started talks about a deal. But Leyland is insisting that Cummins supplies the engines from the UK. So the U.S. group is looking at its existing engine factories – at Shotts, not far from Bathgate, Darlington and Daventry in the English Midlands – to see which one would be most suitable.

The Family One will account for about 70 per cent of Leyland's engine requirements in volume terms. Leyland already relies on outside suppliers such as Rolls-Royce, Cummins and Gardner for the low-volume, heavy truck engines.

It remains in the truck engine business through the production at its Leyland engine plant of the 400-series units and the TL11.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Retail design

Hot foot into new markets

Alan Brew on Timpson, the UK shoe chain

IN STANDISH GATE, Wigan, two shoe shops stand side by side. One is a branch of Freeman Hardy & Willis. It looks a typical High Street shoe shop: shoes are racked high in the traditional deep arcade and behind windows which are littered with bargain offer stickers.

The other is a Timpson shop. It looks untypically different. Gone are the stickers and the racks of shoes. Large bright posters of fashionably dressed teenagers capture attention in the windows. The old arcade has disappeared and through the glass doors another large photograph, this time of a trendily active modern mother on a bicycle, dominates the sales floor. A discreet display of shoes is carefully arranged beneath each poster.

These posters are what Fitch and Co, one of Europe's largest specialists in retail design, calls "lifestyle" or "mood" graphics and they are at the heart of a sharply focused retailing strategy which is revitalising the once ailing William Timpson shoe shop chain.

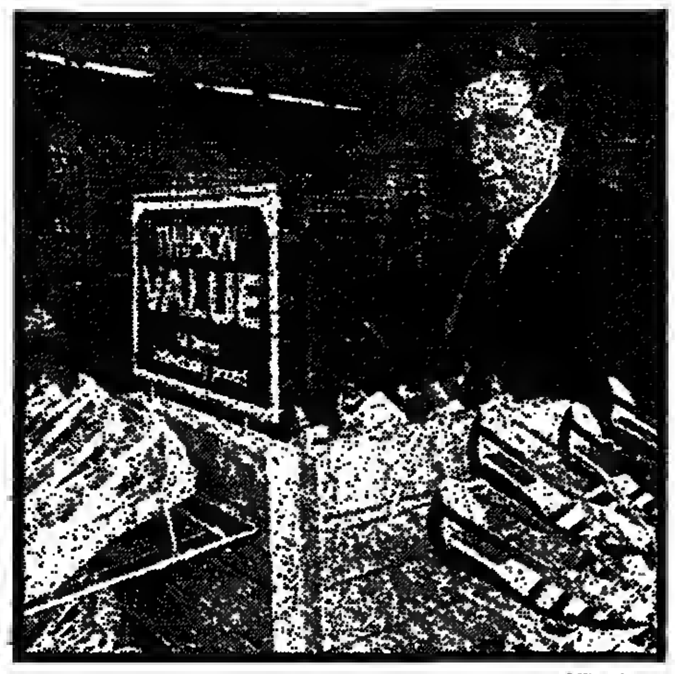
The Wigan shop is one of two—the other is at Darlington—which were refitted as pilot shops for the 240 family shoe outlets in the Timpson network. John Timpson, the great grandson of the founder, William Timpson, is satisfied that the Fitch plan has been proved. Sales at the two pilot shops have exceeded the planned annual increase by about 30 per cent.

"Now it is all about to happen," he says. Three other newly refitted shops have recently opened in East Kilbride, Hounslow and Bolton and 14 other key sites will be refurbished this year. By the end of 1986 every shop will have been changed to some degree in a £5m programme.

The Fitch design strategy, together with John Timpson's personal philosophy of value and service, form the twin planks upon which the business is being built as an independent company after a £40.4m buy-out last September from the giant UDS retailing empire which had itself just been taken over by the Hanson Trust industrial group.

Fitch began work formally with Timpson in October 1982 and the Wigan and Darlington pilot shops were opened the following April. The intervening six months were a classic Fitch exercise in the formulation and application of a design-led retail strategy.

The brief from Timpson was potentially difficult. He wanted to anchor the basic end of the Timpson market—good value shoes for Mum, Dad and the kids, thus retaining the cheerful and dependable family shop image—but at the same time appeal to the teenage fashion market which was passing the company by.



Mike Arron

John Timpson at the reopening last week of his Bolton shop

Fitch, a retail philosopher who readily tips his hat to the retailing achievements of his early employer, Sir Terence Conran, remembers clearly his first impression of the Timpson shops. "They were a sea of cardboard signs," he says. "It was special offers and bargain events gone mad." Timpson himself acknowledges that the shops were "like a massive intelligence test."

In an age of retail maturity the accepted way to maintain market share, especially in the North West (the Timpson heartland) is by driving down prices. "All that business is self-defeating," says Fitch. "The market has too many low-price shops and only one can be the cheapest. Competition must come through new ideas and design can be the catalyst."

A retail analyst supports this view. "Design, if handled correctly, can have a fundamental role to play in evolving a new strategic direction," he says. "Success or failure is now more dependent upon successful identification of a specific market and the retailer's ability to create a clear corporate identity."

This was the starting point for Richard Austin, the Fitch client director on the Timpson account: the Timpson shops were lacklustre and anonymous and the company's identity in the market was blurred. The shop fronts, particularly the Timpson logos, were restyled and modernised. The shop exteriors were redesigned without the deep arcade and display windows. But the key which provided the fundamental shift in the way Timpson sold shoes came with the re-defining of the Timpson market and applying this in design terms to the product and the retailing environment.

Key market groups were identified. Mature women, mature men and children (the traditional Timpson market) and the new markets of young men and young women. The plethora of brand names was discarded and a single brand name dedicated to each of the key groups.

Walk Rite was retained for the children's range with Timpson as a brand name establishing continuity with mature men and mature women. Two new brand names were then devised for the new market groups. Pace became the label for the young (16-24-year-old) male group with Instep the female equivalent. Each of the five brands was then given its own series of lifestyle graphic displays which depict people who typify the brand group in a series of activities. For instance the Walk Rite range is placed beneath a large frieze of children in silhouette playing leap-frog and flying kites.

These graphics are at the root of the shop design. Areas of prime focus are created on the shop floor with the appropriate range of shoes, a single pair in each style, grouped beneath the displays.

The thinking is that customers immediately know their way around the shop.

Les Blinkhorn, the young manager of the Wigan shop is enthusiastic. "There has been a definite increase in the number of young people coming into the shop," he says. "It's easy for them now," he adds, pointing to the large pictures of trendy teenagers above the Instep range, "they know where to go as soon as they walk in."

John Timpson is also pleased. He sees the new shops complementing his own retailing philosophy of service in that they are easier and more attractive to shop in. But the Fitch work goes deeper than exteriors. The retailing operation is now design-led.

The Timpson identity in the High Street is clear, a design discipline is imposed on all promotional activities, the buying policy has greater focus and the retailing strategy has sharper definition.

Further segmentation is taking Timpson into markets which, until recently, were denied to them. Two new ranges of up-market "designer" shoes for men and women have been introduced under the Domino and Charles Reynier brand names and further outlet expansion is being achieved through what is known as shops-within-shops.

A range of fashion hosiery and bags has also been introduced to co-ordinate with the Domino, Charles Reynier and Instep brands for women.

"Timpson is suddenly in a lot of other businesses," says Richard Austin.

A return to the driving seat

IT WAS John Timpson's ambition to resume control of the 118-year-old family businessl ever since it was sold to UDS in 1972. His opportunity came last year when UDS was swallowed by Hanson Trust. There was speculation that Hanson would shed some of the UDS retailing activities. Timpson formed a consortium of investors and led four months of negotiations which ended last September in what is claimed to be the largest private sector buy-out in the UK.

The £40.4m deal was put together by Candover Investments, the purchase price coming mainly from the sale and lease of the company's considerable property assets together with loans and equity capital.

The buy-out could not have come at a more awkward time for John Timpson. He was completing the adoption of a child, in serious training for the then imminent London marathon and nursing his two Fitch designed pilot shops when the talks began.

The energy and drive which sustained him through this are clearly the force behind the business. He describes himself as the front runner, the strategist with an informal but high profile style. His face has almost become the Timpson trademark. It appears freely on promotional literature and around the company's dourly down-at-heel headquarters in the outskirts of Manchester where directors dine on spam fritters and hot-pot.

He started at the bottom of the business 24 years ago as an accounts clerk and then as a shop assistant. By the time of the UDS takeover he was head of buying.

He left the shoe business in that year to work in other parts of the UDS empire. When he returned as managing director in 1975 he was depressed by what he found. The 200 shoe repair shops were still performing solidly but the shoe shops were in bad shape.

"I realised I had a problem," says Timpson. "The business was losing money, we were losing market share and we had awful, boring shops. I decided I had to go back to he Timpsons."

It was the era of consumerism. The first thing Timpson did was to clean up the complaints policy. A Fair Deal policy was introduced which was supported with an unconditional money back guarantee and backed with a code of practice. The code was devised in consultation with the Office of Fair Trading which eventually adopted it for the trade.

Like other shops in the early 1970s Timpson responded to the sharp increase in wage rates and the general trend towards supermarket-style shopping by going self-service and supporting it with price competition.

Apart from deterring customers, self-service went against the Timpson ethic of service, and price competition was particularly futile against the British Shoe Corporation which has a dominant 23 per cent of the market.

Early proposals by Fitch were considered too up-market. Timpson is wary of alienating his traditional customer. "There are dangers in trendiness. There are a lot of boring men around who buy boring shoes," he says, glancing down at his own admittedly non-Timpson shoes. "They like them because they are comfy and functional."

He readily acknowledges the significant influence of Fitch. "They made us sit down and look at the business we were in, how we were trying to sell, and what other businesses we could be in," he says.

Inside the Wigan shop there is not a shoe box in sight. The shop assistants wear smart Marks and Spencer style overalls and there is an air of purpose about the place. But there are indications that the Fitch concept is proving difficult to maintain. Some of the newer displays were recently stuck haphazardly over the old ones — perhaps suggesting some degree of inability to keep pace with change.

It is still early days but Timpson is confident about the future. Two hours after close of business each Saturday he is telephoned at home with the total sales figure for the week.

"We are hitting profit targets, the ideas seem to be working and it is all systems go."

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Remuneration as a director

I am employed part-time by a Regional Health Authority as a consultant in the NHS. My employer pays Class I NI contributions (the employer's) and deducts the employee's contributions from my salary. In my own time I am chairman of a small limited company which prepares both human and animal surgical specimens for histological examination and opinion by consultant pathologists. The company submits a single acount to the patient or the animal owner to include the consultant's fee. The fees so collected are paid to the consultants monthly.

I am one of four such consultants whose fees are collected and paid over by the company; the other three are not directors or shareholders. My fees are declared under Schedule D income for tax purposes, along with all other fees I earn from other sources as a self-employed man, and are subject to class IV NIC. My company pays class I contributions on my directorship fees, and deducts the appropriate employee's (and schedule E income tax) from these fees but since 1978, when the company was founded, has not paid any employers' NIC (class I) on the consultancy fees, collected on behalf of and paid out to myself or the other three consultants.

The company has now been asked to pay class I (employer's) NHI contributions for my consultancy fees, as I am also a director of the company, and these fees are considered to be remuneration from the company, even though there is no specific contract of employment. The other consultants' fees (because the recipients are not directors) are not regarded as remuneration from the company, which does not have to pay class I (employer's) contributions on their fees. Is this demand on the company, which will amount to several thousand pounds, correct?

You have a strong argument for claiming that the remuneration which you receive from the company by way of fees is NOT remuneration as a director. A director is not entitled to remuneration as such unless there is a contract of employment or the company in general meeting votes fees to remunerate the director. You say there is no such contract, and so long as there are no fees voted to directors at the AGM or those fees so voted can be identified as separate from the consultancy fees, the company should not be charged on the basis of your income from employment by the company being the total of directors' fees AND consultancy fees, but only the former should be counted.

Retirement and corporation tax avoidance

In October 1983 I sold the shares of my small limited company held by myself and my wife. We retired after nearly 40 years since founding the company and drew our salary under PAYE as working directors of the company. The gain from the proceeds of the sale fall well within the retirement relief increased by the 1984 Budget. With our last monthly salary we voted an additional bonus of £12,000 for both directors with the intention of this being exempt from tax as termination payment. I also have an agreement with the company to receive 12 months' pay on termination.

Is it likely that the Inspector of Taxes might object to the tax-free termination payment in this case?

Furthermore in the final accounts for the three months up to the date of sale a provision for Corporation Tax of 38 per cent was made but in view of the financial year ending June 30 1984 some concession was made in this charge. Do you consider that the reduction of Corporation Tax to 30 per cent in the Budget makes it reasonable to claim an adjustment?

The bonuses and termination payment will all be fully taxable (under PAYE and schedule E). You have no grounds for claiming exemption on any of the payments received from the company, on the facts given.

The benefit of the corporation tax cut enures to the company, and has no beneficial consequences for you—on the facts given.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Motor Cars

Leasing & Hire

Registration Numbers

Contracts & Tenders

Holidays and Travel

Business Flights

Art Galleries

Clubs

Yacht Charter

Residential Property

Rentals

APPOINTMENTS

Stanley Gibbons Holdings has new chairman

Mr Ronnie Aitken has been appointed chairman of STANLEY GIBBONS HOLDINGS. His principle role will be to advise on strategy and the financial restructuring of the company. Mr Aitken is a director of a number of companies including the Barker Dobson Group and Bluemel Bros. The previous interim chairman, Mr David Landau, will remain on the board. Mr David Stokes remains managing director.

★

Mr Irvin McFarlane, currently general manager and an associate director, has been promoted to deputy managing director of PRECIOUS METAL DEPOSITORS. Mr Mark Naylor has transferred to Metallic Protectives, Warwick, which has been acquired by Precious Metal Depositors, as its deputy managing director.

★

Mr George Giffen, chairman and managing director, Giffen (Holdings), has been elected president of the ELECTRICAL CONTRACTORS' ASSOCIATION. Mr Harry Simpson has been appointed director of the association. He is an assistant director and head of the industrial relations department. Mr Bryan Jennings has been appointed finance director and secretary of the association. He has been deputy director since March 1981 with special responsibility for the financial affairs of the ECA and subsidiary companies.

★

The WELSH DEVELOPMENT AGENCY has appointed Mr Gwyn Griffiths as director of land reclamation and Mr John Bradley becomes finance director. Mr Griffiths was deputy engineering controller of the Land Reclamation Department, and succeeds Mr Gwyn Edwards, who has restired. Mr Bradley was deputy finance director and succeeds Mr Mervyn Jones who has retired.

★

Ms Renate Siebrasse has been appointed manager, operations, for BATTELLE INSTITUTE, London-based subsidiary of Battelle Memorial Institute, U.S. She becomes on-site co-ordinator of all operations in London and senior resident representative for Battelle Memorial Institute in the UK. These operations include a banking research group, a techno-economics research activity, a software products marketing centre, a probabilistic risk assessment group, and a component of Battelle's worldwide economics programme office.

★

Mr Tony James and Mr John Barrett have joioed the board of DIGITAL EQUIPMENT CO as sales director and field service director respectively. Both have been with Digital for 17 years, Mr James latterly as UK sales manager, and Mr Barrett as UK field service manager.

★

Mr J. D. Crosland, an executive director of Robert Fleming Holdings has been appointed to the board of THE BANKERS' INVESTMENT TRUST.

★

THOMSON McLINTOCK & CO, British member of KMG, has appointed Mr Peter Legg and Mr Paul Reddington as partners in Manchester and Mr Peter Dowson as a partner in London. They were formerly partners in Appleby & Wood and Appleby English & Partners.

★

Mr G. A. Hargreaves has joined the SEDGWICK GROUP and been appointed chairman of Sedgwick Aviation in succession to Mr K. A. Carter.

★

Mr Anthony Thatcher, managing director of Dowty electronics division and a director of Dowty Group Plc, has been appointed chairman of GRESHAM LION. This follows acceptance of Dowty Group's offer to acquire the whole of the equity share capital of Gresham Lion.

★

At LONDON & HULL MARITIME INSURANCE CO, Mr E. D. Rainbow became chairman and managing director on the retirement of Le Comte G.I.C.M. de Beaucorps. Mr S. Thistlewood is appointed deputy managing director.

★

WAGON INDUSTRIAL HOLDINGS Telford, has appointed Mr F. M. Thompson, chief executive of the engineering divisioo, to the main board. He is managing director of Oleo Pneumatics, and chairman of Steel Precision Engineering and Bolt and Nut Company (Tiptoo).

★

Mr David Yeomans, managing director of Wincanton Group, has been appointed to the main board of UNIGATE from June 1. He joined Wincanton Transport in 1971 from the Milk Marketing Board and was appointed managing director of the group in 1982. The group is n division of Unigate.

★

Dr Alan Bennett has been appoioted general manager chemicals of RAAB KARCHER CHEMICALS, based in London. The Raab Karcher Group of Essen, West Germany, is part of the VEBA group of companies.

Mr Lew S. Moore, managing director of Craske, Lowestoft, has been named president for 1984-85 by the COAL MERCHANTS FEDERATION OF GREAT BRITAIN. Other appointments were: senior vice-president: Mr J. A. Spiegel (Charringtons Solid Fuels); and junior vice-president: Mr D. Clarkson (Co-operative Fuel Trade Association).

THE ARTS

Television/Christopher Dunkley

Commercials start to lose their glitter

Time was when anybody wanting to see really slick film-making techniques on British television merely had to wait for one of the big evening junctions—half past eight, perhaps, or 10 o'clock—and switch to ITV. Up would come a big batch of commercials including, almost invariably, several in which the standard of comedy, camerawork, music, editing, design and acting would be technically better than anything you could hope to see in a whole week of actual programmes.

The reason is simple: since a 30 or 60 second break in peak hours costs tens of thousands of pounds commercials have to convey their messages fast and with maximum impact: Huge sums of money and many of the best technicians in the industry are consequently employed in making commercials, and over the past 20 years the British have come to be widely regarded as world leaders in this field.

Many foreign commercials are made by British teams and even those made by the French or the Americans frequently wind up in London's post-production houses being given the music track or the footsteps-dub or the optical effects all with the high gloss finish for which British commercial makers are rightly famous.

But what has happened in the past year or so? Switch to ITV at ten o'clock these days and you still see a big batch of commercials: revenue is rolling in to ITV as fast as ever—television has not merely weathered the recession with embarrassingly conspicuous ease but has actually increased its real income every year. Yet the content of the commercials now seems pretty unremarkable.

Clearly the technique is still there (even if the obsession with navy-blue sky filters is becoming tedious) but whereas the commercial breaks used to throw up as many bright ideas each minute as you would get in an hour of most programmes, today much of what you see in the breaks look old hat, derivative or downright dull. It was no great surprise when the British Television Advertising Awards earlier this month revealed that the top prize winner was an Irn Bru commercial which most viewers will never even have heard of since it is transmitted exclusively in Scotland.

There are, of course, still good commercials to be seen. Armstrong's ad for cushion vinyl flooring in which an increasingly agitated man who has been extolling the product's toughness while the sounds of thundering hooves grows louder finally leaps aside as a rhino crashes through the wall behind him, certainly fixes the name of the product — Rhino — in the viewer's mind, even if the commercial has very little "repeatability" value.

John Alderton and Pauline Collins: plugging away with the Maxwell House

This year's most entertaining commercial wins no marks whatsoever for fixing names in minds since there appear to be no names in it anywhere. It involves three physically ill-assorted Teddy Boy shop assistants dressed in white coats singing a jingle in which the words (I think) are: "How do do it all do it if we knew it we'd do it too." The appeal is in the music, the set-piece dance that goes with it, and the fast cutting of the film. The mystery, however, is what on earth is being advertised.

Another enjoyable series, that for Maxwell House instant coffee, continues to convey a sense of relaxed good humour with its domestic sitcom series starring husband and wife John Alderton and Pauline Collins who are, of course, professional to their fingertips, and it leaves you in no doubt about the brand name. But the gag writer is no Oscar Wilde (He: "Don't go shopping in this weather love, have another cup of coffee." She: "There's none left." He: "I'll get your wellies") and the campaign does seem to have been running since the year dot.

The same goes for British Caledonian who, using good pop music, have sustained a high standard for more than a decade now (remember the Texan passenger asking his British companion "Do you work in oil?" and receiving the reply "No, watercolour") and they are currently running a superb pastiche of the Beach Boys' number "California Girls" with the refrain "I wish they all could be Caledonian."

Unlike so many highly praised advertisements which, one suspects, win points for cleverness rather than their ability to sell, this commercial appears to have hit on one of the few hard sells open to airlines: since travellers know that the aircraft, the meals and the seats are virtually indistinguishable whoever you fly with, it is probably quite astute to make an outright appeal to chauvinism.

Too often brand or company advertising on television insults the intelligence of the viewers and comes perilously close to downright dishonesty by building a case on implied differences which simply don't exist. The current campaign suggesting that "Midland Eurocheques" are a good reason for joining Midland Bank would be considerably more decent, honest and truthful if it admitted that the other banks supply exactly the same service.

The claim that "No other well-known paint will look as good as Dulux" immediately raises the question "Which is the less well-known paint which will look better than Dulux then?" and it scarcely seems worth the trouble for Oranjeboom Beer to spend all that time associating itself with historic Dutch-ness (everything from barrel jumping to old Dutch masters) if at the end of the commercial they are forced to admit—however tiny the caption—that the stuff is actually made in Britain.

Yet however much one may distrust the claims being made, all those commercials are highly proficient and capable of holding the viewer's attention. A great many of the others do no such thing. By their very nature most of the poor commercials fail to come to mind without prompting, and it is significant that even using notes kept for the past month there are some which I cannot recall.

For instance the entry in my notebook "Good and wholesome things—Asda" conjures up no mental picture whatsoever, and although "Dog food. Usual old endorsement" is perfectly comprehensible it is an indictment of such commercials that it could apply to virtually any brand. The note "Hotpoint: voice-over and a little girl who doesn't speak" brings absolutely nothing to mind, and "Bahlsen biscuits. Foreign voice, no actors, no actresses" is also meaningless to me.

Could it be that this apparent decline is not sheer imagination nor an unfocused trend but actually the result of the long running dispute between Equity, the actors' union, and the Institute of Practitioners in Advertising? The effect of that dispute has been to prevent the use of most actors and actresses in commercials destined for Channel 4 and breakfast television. (Most but not all; if you are famous enough for your name to be used in endorsements then your Equity status becomes irrelevant, hence Felicity Kendall's endorsement of fitted kitchens for instance).

Various alternatives are being tried. Lots of commercials now dispense with actors altogether and simply use the product and voice-over. British Airways is currently running a campaign which shows its seats being lowered into the aircraft through the ceiling, for example, and the only face we see is that of a sparrow. Or non-Equity personnel can be used. The managing director is a favourite choice, but some commercials such as the current one for Midas Exhausts use one of their own sales staff and make a virtue of their non-actorly qualities.

This is all very well as a novelty but it pretty quickly wears thin. Moreover non-professionals appearing in advertisements tend to have even less "repeatability" than trained actors: it is bad enough watching the actress in the Blue Band ad as she whips off the table cloth and leaves the crockery for the 47th time, but being subjected to the umpteenth repeat of an amateur performance — from the owner of Remington Razors, say—is even worse.

Admittedly the proportion of commercials affected in this way is fairly small, but whatever the explanation — the Equity/IPA dispute or merely one of those troughs which all businesses find themselves in from time to time, or (as I suspect) a malign coincidence of the two — much television advertising at present is failing to provide the smart counterpart to programmes which it used to.

Never in my Lifetime/Soho Poly

Michael Coveney

If you are prepared to endure the subterranean claustrophobic conditions of the Soho Poly hard by Broadcasting House, prepare to encounter a lively, engaging new play about Northern Ireland by a most promising new writer, Shirley Gee. The playwright has a good track record as a radio dramatist—she won the Giles Cooper Award five years ago—and now displays an impressive grasp of stage monologue technique, emotional dialogue and structural planning.

Admittedly the play here is really one for six voices. A newlywed English girl packs her husband's suitcase as he leaves for Belfast. The husband, Charlie (Richard Graham), falls in with a callow Yorkshireman on the riot-strewn streets and Tom, in turn, makes the classic and all too understandable blunder of falling in love with a local Catholic girl, Tessie, despite Maire's warnings.

This quartet are given scenes of truthful and often funny exchanges in which the political and everyday realities obtrude with sardonic and reverberative effect, while Tessie's mother (Kate Binchy, greyly tearful, spirit spent) and Charlie's wife (Samantha Bond, a wonderful new actress of authority and gutsy tenderness) address us ominously from beyond the grave present.

We see Tom and Charlie charging through West Belfast with plastic shields and then Tom, gingerly and sympathetically drawn by Michael Packer, making tentative love to Tess on a daytrip. Kate Lock as Tess here transfers the tender eroticism of having her jumper removed to the abiding pre-set image of being searched. This is a superb performance.

The sense of a native community living alongside an alien one is strongly maintained and well directed, in both writing and Susan Hogg's production, towards the tragic outcome. In a sense, this could be a story behind anyone of the grim headlines we read daily at the breakfast table.

At the same time, the grim humour offsets the tragic fatalism (Tess runs her fingers down Tom's spine and finds knobbly little bones like rosary beads). And Lucy Weller's setting of orange corrugated iron, Sinn Fein slogans, street corners and alleys where a girl can end up with no fingernails, and worse, for fratcroising with the British military, is vividly and imaginatively compelling.

Alastair Muir

Michael Packer

Funny Girl/Crucible, Sheffield

B. A. Young

Funny Girl is a simple account of the life of Fanny Brice. In real life, she was a plain girl from the East Side who made a youthful success as a comedienne, married a gambler, endured him through his imprisonments, had his children and divorced him. On the stage she does the same, through the medium of 15 or 16 songs, with patches of dialogue to introduce her mother and her Henry Street neighbours, her friends in the theatre, from Florenz Ziegfeld down, and her adored but unreliable husband Nick Arnstein. Fundamentally it's a one-woman show, two if you count her mother.

Marti Caine is too pretty to be a real Fanny Brice, but she is a talented comic and sings the songs beautifully. She has lived too long with microphones, and at the Crucible (in spite of considerable mike-ing) she seems sometimes to run out of wind. But it's a very attractive performance, and will get better when she's had a chance to settle down.

The direction by Clare Venables is as lively as could be, but I thought we needed more elements of luxury. Mark Thomson's set leaves the great expanse of the Crucible stage almost naked mostly, and upstage he just has two tall Meccano towers, bridged as needed by a Meccano bridge or decorated with hints of local colour. The costumes are splendid and the showgirls show them off prettily in Jeff Richer's routines, but I did feel sometimes that we were in a barn.

There's not much call for acting. Meg Johnson and Fanny Carby do the Jewish momma bits; David Rintoul as Nick is handsome and flashy; Michael Stroud is a quiet and dignified Ziegfeld. I liked Colin Farrell as Eddie, who introduced himself by playing "Mon cœur s'ouvre à ta voix" on the trombone.

In the nearby Tudor Street car park a mob discussed how they should demonstrate against Miss Caine for having performed in South Africa. In the event, nothing happened but two weak boos after the overture. I almost joined in as a protest against the immense over-amplification of the admirable band that sits below a grating under the stage. Miss Caine was perceptibly nervous until it was clear no one would misbehave. After her final singing of "Don't rain on my parade," she had a standing ovation.

Ballet National de Marseille

Turning back the years in Paris

I have seen very few dancers touched by the special afflatus of genius, but among them Jean Babilée holds a place apart. He was a member of that exceptional generation of young talents which came out of France at the war's end, led by Roland Petit, who so exhilarated audiences in performances ablaze with verve, decorative brilliance, elegant sophistication. Babilée's roles encompassed a flawless Bluebird as well as those dramatic characterisations, made for him by Petit and others, which fixed a new and modern image for the male dancer. In *Le Rendezvous*, *Jeu de Cartes*, *Tyl Eulenspiegel*, as Nijinsky's Faun, in his own *L'amour et son amour*, and supremely in *Le Jeune Homme et la Mort*, Babilée gave uniquely beautiful and thrilling interpretations. Now, four decades on, and at the age of 61, he returned to *Le Jeune Homme* during the current Châtelet season by Roland Petit's Ballet National de Marseille.

I awaited Babilée's appearance on Saturday night prey to inevitable doubts, and with memories still fresh from 1946 of his astounding physical allure, his controlled despair and ferocity as the young man driven to suicide.

There, at curtain rise, was Wakhevich's gloriously dingy set of a Paris garret, the light from the neon signs outside flashing on the window above the bed at stage right. There, reclining on the bed, smoking, looking at his wrist-watch (and with apparently the same black watch-strap) was Babilée. As he got to his feet the body in the dungaree overall was that of a young man, and beneath the shock of hair only slightly silvered was the unchanged predator's profile. As the dance began the magic continued. Of course the years have brought certain technical accommodations — the elasticity and largeness of leaps is diminished, replaced by an iconic clarity—but there remains the same boldness of physical outline, an undimmed power of projection, and what seems an even greater profundity of understanding.

Mitou Manderon, in the yellow dress and black gloves of the girl who is also death, looks slightly tall for Babilée, and she lacks the vicious inevitability that was Nathalie Philippart's. She managed very well, however, in the second scene when death appears in ball-gown and mask to lead the young suicide over the roofs of Paris (the Citroen sign still glowing in the night). But the ballet is of course about Babilée, about his brooding, explosive energy as he falls when the girl kicks at him, his rigid body pivoting on his shoulder. It *is*, supremely, about his astounding ability to communicate the dance from its imaginative centre. Babilée is Le Jeune Homme still, and still a dancer of untarnished grandeur.

The Ballet de Marseille programme also reflected Roland Petit's continuing concern with Debussy. After last season's successful *Soirée Debussy*, he has added two major pieces to the canon: *La Mer* and *Pelléas et Mélisande Symphonie*. *La Mer* is an unfussy "music realisation," making capital from choral dancing in simple costumes and with no setting for the first and third sections of the score, while the central *Jeu de vagues* is given to a sextet of soloists who are also involved in the finale. The dance manner is classic-expressionistic; the effects from undulating bodies, curving masses of dancers who recall both denizens of the waves and the waves themselves, are sensitive in phrasing, *respectful* of Debussy's rhythms, and, because Petit does not seek gratuitous decoration or emotion, very satisfying.

The *Pelléas* is an assamblage of musical interludes and preludes from the opera, worked into seamless symphonic form by Marius Constant with great skill—and well played, like *La Mer*, by the Colonne Orchestra under André Presser. Petit has created a long, seamless duet for Pascale Leroy and Jean Charles Gil on this music, with an intermittently used chorus of eight men. This is Petit's second *Pelléas*, for he used the over-long Schoenberg score in 1969 as a vehicle for Fonteyn and Nureyev; from that earlier staging he retains the image of a vast silken canopy to represent Mélisande's hair.

In other respects this latest production is in every way superior, more allusive in suggesting the inevitability and mystery of the lovers' tragedy, and it is admirably danced by the young and exquisitely linear Pascale Leroy and the romantic and brilliant Jean Charles Gil.

CLEMENT CRISP

Japan Music Pool/Purcell Room

David Murray

These days, a good way of drawing critics is to announce an unfamiliar piece by Zemlinsky. For their Monday concert the Japan Music Pool announced a trio by him, and a new work by Jennifer Fowler, but in the event neither materialised (though several critics did). Instead we heard a student piece by Kitazume—an exceedingly innocent, well-mannered *Sonatine* for clarinet and piano—and two other Japanese works.

Those were more interesting. Ryohei Hirose's *Pundarika* is a homage to India in the form of an improvisatory, delicately suggested clarinet solo over gentle washes and distant rumblings from the piano. Teruaki Matsushiro (for whom it was written) and Keiko Tokunaga made a fine effect with it, and supported the soprano Takako Selby-Okamoto with precise tact in a song cycle by Hikaru Hayashi, *Play III*. Miss Okamoto sang the dialect-poems appealingly, and the music, simple, pungent phrases in repeated patterns—had its own evocative fragrence. There were rustic memories, a little storm, a little melancholy.

A more ambitious cycle by the American Ned Rorem on "Last Poems of Wallace Stevens" had the benefit of Julia Walker's firm delivery of the impassioned cello part, but suffered from Miss Okamoto's hopelessly indistinct English. Rorem's word-setting, always transparent, is a central feature of his music: good intentions were insufficient. In Schubert's "Shepherd on the Rock," clarinet, piano and soprano were respectively over-cool, over-reticent and over-taxed.

Pack of Lies/Lyric

The cast changes in Hugh Whitemore's *Pack of Lies* don't diminish its cleverly graduated tension. Mary Miller, perhaps because her face is less familiar, makes Barbara more of a suburban housewife than Judi Dench. She has put on an air of artless domesticity that is the perfect material for moulding her dreadful problem of having to betray her best friend, Helen, the Russian spy. The long scene where she bursts out with her troubles to Thelma, the security girl (Janet Fogo), is unbearably sad. With Michael Williams, expressing their empty thoughts in unison, they are a well-matched pair. Barbara Leigh-Hunt's cheerful Helen Kroger, inventing her background with unending good humour couldn't have asked for easier people to deceive.

B.A.Y.

Saleroom

Sales of the contents of noble houses invariably exceed the estimates of the auctioneers because buyers like the assurance of an exalted attribution to the objects bought. The sale at Elvedon Hall, near Thetford, the home of the Earl of Iveagh, is no exception.

The estimate of £2.5m from the four day sale was exceeded early on the second day after a first day total of £1,951,734. Tapestries did exceptionally well, a Louis XIV Gobelins tapestry with well preserved colours sold for £91,800, and a set of three late Gothic tapestries, probably made just after 1500, realised £64,800. Three Louis XIV Gobelins tapestries depicting winter, spring and summer made £43,200, £59,400 and £43,200 respectively.

The very high prices paid for furniture on Monday, with a peak of £97,200 for a set of 12 George III mahogany dining chairs, continued yesterday with Hewitt paying £86,400 for a pair of Japanese lacquer cabinets of the Meiji period (estimate around £20,000). John Partridge paid £41,040 for a pair of George III mahogany armchairs (estimate £10,000) and £36,720 for a similar pair.

Other good results were the £64,800, around four times forecast, for a set of six early George III mahogany open armchairs and £45,360 for a similar pair, not in the best condition.

Dancing in New York

Clement Crisp

The spring season in New York has been characteristically rich in dancing, with New York City Ballet and American Ballet Theatre playing next door to each other on Lincoln Plaza, and various other activities bubbling away in the dance capital of the world.

New York City Ballet was in gleaming, tremendous form. I saw a *Jewels* with Merrill Ashley like the Koh-i-Noor in *Diamonds*, and a revival of Balanchine's piece of erotic Japonaiserie, *Bugaku*, passionately done by Heather Watts and Bart Cook. Joseph Duell, newly promoted a principal of the company, was exceptional in elegance in *Allegro Brillante*, always poised and alert above the dance, and in *Serenade* the final section now appears more emotionally intense than ever before with Merrill Ashley, Kyra Nichols and Valentina Kozlova hair unbound, caught up in its web of feeling.

It was fascinating to see the students of the School of American Ballet, which is NYCB's academy, also perform *Serenade* with professional gloss in their annual workshop programme at the Juilliard Theatre. This is SAB's 50th year; *Serenade* was the first ballet Balanchine made for his students when the school opened. Probably only Lincoln Kirstein, great originator of the enterprise, could have imagined that after half a century American classic dancing could be as grand and clear in national identity as school and company now show it.

The school workshop also presented a divertissement from *Napoli*, and *Aurora's Wedding*, set by Alexandra Danilova and John Taras according the old Ballets Russes view of Sleeping Beauty, with some enhancements to an idiosyncratic text owed to Mme Danilova's Mariinsky training and memories – thus are classic bloodlines preserved. I liked very much the dancing of Catherine Ryan, the Aurora, assured and precise, and the clean beats and buoyancy of Michael Byars as the Bluebird and in Napoli. But all the young performers looked sure in style bright in promise.

Another piece of youthful dancing was also highly enjoyable. Jacques d'Amboise, long a star of NYCB, has during the past decade inspired and brought to success a National Dance Institute which gives thousands of children in the New York public school system a chance to dance. Each year a culminating performance brings a legion of the young, plus members of the New York Police force who also join in Mr d'Amboise's classes in a huge dance entertainment.

I watched a Saturday morning session in one of NYCB's studios with Mr d'Amboise rehearsing groups of boys and girls, then starting to choreograph a new number for the forthcoming show. By treating the young as professionals, demanding and getting the best from them, Mr d'Amboise achieves marvels. The children are alert, wholly caught up in the vision of the show, and for all their inexperience they look like dancers.

At the Met, American Ballet Theatre's season showed the company looked well-drilled, well schooled, in such works as *Symphonie Concertante* and in the general dances of *La Sylphide*. But the Bournonville masterwork has been revised by its producer, Erik Bruhn, and has acquired social manners far above its station. Desmond Heeley's design makes James's croft a baronial hall. The women wear the high-waisted formal gowns of the 1820s; local colour, romantic charm are extinguished under these complexities, and Bournonvillian grace has been sacrificed to dancing of burnished technical speed and dash. The dear old ballet looks thin and pretentious.

Happily two Twyla Tharp works were also on view to gladden the eye, and the dancers. *The Little Ballet* has a score from the most honeyed pages of *Raymonda* and its manner is classical – a homage and commentary upon Baryshnikov, for whom it was made last year, with a ballerina and a trio of girls. I saw the gifted Robert La Fosse in the shirt, tie and trousers that are the central role's costume, and which suggest an underlying concern of the piece with the premier danseur as a man of our time.

This democratic image seems at odds both with the score and its Mariinsky resonance, and with the classic form of the choreography, until sudden Tharpian lunges and twists break the mould of academic propriety. At a dress rehearsal of a ballet one can see dancers working fully in character. Then, as some accident disturbs them, they switch from their stage persona to become "real" people. This effect, with its implicit tensions and shifts of identity, is part of *The Little Ballet*, and gives it a special savour.

The ballerina role was brilliantly taken by Cynthia Harvey. Her dancing seeming to move in and out of the action and of the hero's consciousness. From Mr La Fosse a dazzling account of steps indelibly imprinted with Baryshnikov's soaring bravura as he takes to the air on what seems a joyous and totally easy impulse.

Baryshnikov himself appeared in Tharp's *Sinatra Suite*. With Elaine Kudo as his partner, Baryshnikov danced to five trumpery ballads, his partner seen as either burden or siren. The final "One for my Baby" is a solo, half bourbon and half self pity, which Baryshnikov danced with prodigious finesse, sweetly underplaying the most diabolical turns and Tharpian twists.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 18–24

Theatre

LONDON

The Aspern Papers (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (930 9832).

A Streetcar Named Desire (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional roller-coaster of a play amounts to one of the best evenings in town. (930 6123).

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Saint Joan (Olivier): Staid and stolid National Theatre revival of a play that is finding it increasingly hard to live up to the tag of Shaw's masterpiece. Frances de la Tour is sincere and unrhetorical to a fault as the maid, and Ronald Eyre's direction includes medieval pageant, some striking music by Ilone Sekacz and, alas, a disastrous deputy inquisitor from Cyril Cusack. (928 2252).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546 4000)

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Economics of the Chunnel

VARIOUS types of permanent link between Britain and France —bridge, tunnel or the hybrid preferred by Mr Ian MacGregor —have been under discussion for more than a century. Yesterday's report from five big French and British banks on how a link might be financed takes the argument a little further forward.

The five banks start from the technical and economic assessment put forward in 1982 by the Anglo-French study Group and so fece the charge that their financial projections are based on out-of-date costings.

The bank's scrutiny of the financing of a cross-Channel link is at best partial. They have not conducted even a rudimentary strew poll among investing institutions or banks to see whether support would be forthcoming for their preferred option — a twin tunnel, taking roll-on, roll-off vehicles as well as rail traffic.

Infrastructure

They assert, for example, that financial markets would not stomach a more romantic suspension bridge or a MacGregor hybrid simply because these projects would be even bigger. But how do they know? Markets might warm to a drive-through suspension bridge costing £3bn if it seemed likely to attract e lot of traffic, and spurn a less-exciting tunnel costing £2bn.

The essential pre-condition for private-sector financial backing is a clarification of the attitudes of the British and French governments, and of the European Commission, since a fixed link would have important consequences for the whole European Community. The initial response from Britain's Transport Secretary, Mr Nicholas Ridley, yesterday was that the Government would not provide any funds or commercial guarantees — it would only "facilitate" a fixed link. Some form of public involvement is essential if only because the rail infrastructure at each ends of the link is government-run. But there are other, powerful reasons why Mr Ridley's response of leaving almost everything to the markets is inappropriate in this instance.

First the size and duration of the project make it uniqna —there is no private-sector group ideally equipped to take it on. Second, governments have more experience of giant infrastructure projects than the private sector. Third, governments can and should take intn account all kinds of social benefits of no concern tn the markets. For example, the project would bring extra employment (something that fiscal reflation in general cannot promise) and it might have an important psychological impact, binding Britain more closely into Europe. Fourth, governments' ability to raise taxes, *in extremis*, and their sheer size, makes them uniquely able to bear risks on such a scale.

So *if* a fixed Channel link is worth building, explicit support from the British and French governments (and preferably the EEC as e whole) would be desirable. The five banks yesterday proposed two financing schemes involving a mixture of equity, bonds and bank loans. Neither called for much government backing. The first asked for help only when no government would want to give it: when massive unanticipated cost over-runs threatened to bankrupt the private backers. The second plan, more plausibly, asked for government help from the start: a portion of the loans would be guaranteed by the two governments, and this would diminish as the project matured and risk ebated.

Reliance

More government help might be desirable, however. The weakness of the financing plans suggested yesterday is their near total reliance on bank loans. A much greater reliance on bond finance is needed in a project lasting 30 or more years. Also desirable is a large chunk of initial equity — what more natural backers than the two governments?

Neither governments nor markets should support the project unless it is economic. On this the jury is still out. The key variable is expected traffic growth: serious investors are unlikely to be impressed by the banks' approach which is simply to assume that future traffic growth will be half what it was in tho 1970s. A more sophisticated study of traffic trends is necessary before anybody puts up cash. If new research confirms that a twin tunnel or road bridge would achieve a real return even closa to tha 9-10 per cent suggested by the banks (on the basis of 1982 data), the project deserves government backing.

The break-up of British Leyland

THE GOVERNMENT yesterday announced the first step in the break-up of Britsh Leyland, the company formed in 1968 to encompass virtually all the major British-owned car and truck manufacturers. Jaguar is to be floated off to private investors. There will be no shareholding link wtih BL, although for political reasons Ministers have decided to retain a "golden share," enabling them to block a foreign take-over.

This is a sensible piece of privatisation, but no one should be under any illusion thet Jaguar has a secure and comfortable position in the world motor industry. It has to contend not only with larger specialist producers like Daimler-Benz and BMW, but with the high-volume manufacturers who ere seeking to move up-market. The experience of Rolls-Royce Motors, admittedly in a very different part of the business, shows how vulnerable small producers can be. But if it can maintain its recent advance in quality and nrodnctivity.. Jaguar has a reasonable chance of success.

Reduction

BL has other candidates for early privatisation, such as Unipart, the replacement parts company. and possibly Land Rover. But the heart of the problem remains in the two core businesses—Austin Rover cars and Leyland commercial vehicles. The Government is determined to put no more taxpayers' money into BL; the company will retain the proceeds of the Jeguar flotation, but it will be netted off against the final £110m promised but not yet paid out by the Government. Thus the two companies, which have little in common and could benefit from being formally separated—will have to find their own salvation.

In contrast to the early 1970s, when profits on trucks helped to sustain the car business, it is Leyland Vehicles which faces the worst short-term situatioo. A combination of past underinvestment and a drastic decline in the company's msin markets has brought the business almost to the point of collapse. The hooe is that, with a further reduction in fixed costs through the Bathgate closure and the decision to buy more key components from outside suppliers, Leyland can become viable st lower volumes.

Leyland has never been able to establish a substantial truck business on the Continent or in the U.S.; its exports have been too concentrated in a few volatile markets such as Nigeria. Collaboration with other vehicle manufacturers, or even a merger, might be a possible stretegy, but in present market conditions few truck manufacturers want to take on additional capacity.

Opportunity

On the car side, by contrast, there has been impressive progress in the last few years—in higher output per man, better labour relations end a more attractive model range. The cooperation with Honda has been fruitful and could be taken further, offsetting to some extent Austin Rover's scale disadvantages compared with the giants of the industry.

Yet the fact is that Austin Rover is up against companies which have far larger financial and technical resources. Its merket position on the Continent is weak and it does not sell in the U.S. It is an open question whether the company can generate the funds necessary to replace its model range and to invest in the technologies which ere changing the industry's epproach to design and production. Certainly the prospects are far brighter than they were some three years ago, but it will take at least another three years of steady improvement before Austin Rover can be considered a candidate for privatisation.

The Government has little alternative but to give the company the opportunity to continue its recent improvement and to haul itself back to profitability. The aim is to get both Austin Rover and Leyland Vehicles out of the public sector before the end of the decade. Difficult questions may arise ebout the size of the "dowry" that might accompany any moves towards privatisation; there is not much chance of the taxpsyer seeing a return in his investment. But for the present the Government is right to return to the private sector those businesses which can stand on their own feet, while Austin Rover and Leyland Vehicles determine their own future in the market place.

Saudi Arabia

The pressure for change that faces King Fahd

As the Gulf war escalates, **Michael Field** reports on the internal state of the kingdom

FOUR YEARS after the beginning of the Gulf War, the conflict is finally starting to involve Saudi Arabia—as the government in Riyadh always feared it might.

The Saudi response to the Iranian attack on their own, and Kuwait's, tankers last week has been to try to enlist the moral support of other Arab countries and the United Nations, and to fly reconnaissance sorties over the Gulf.

If its aircraft were to engage Iranian aircraft and destroyed them, this would be a considerable morale boost for the Saudi leadership and would seem to justify some of its vast defence spending. If, on the other hand, the Saudi jets were destroyed, the event could lead to just the type of disenchantment among Saudi citizens which it has always been thought could begin the destabilisation of the Kingdom.

But in other respects, there are few signs of short-term instability in Saudi Arabia. The economy and society have weathered surprisingly well the downturn in oil production, from 10m barrels a day to 4.5m and the drop in revenue that this has meant. The poorer people have hardly felt the squeeze as yet; a Saudi population of 5m is benefiting in the current 1984-85 budget from $3bn of subsidies, a marginal increase on last year's figure.

The middle classes—professionals and businessmen—are already rich, and many of them argue that e decline in government spendiog is beneficial because it slows the pace cf change.

Iran may continue its efforts to subvert Saudi Arabia and all the Gulf states, but the bloodshed and confusion in that country has caused the revolution to lose much of its allure.

In Saudi Arabia, the enthusiasm of young religious zealots, distinguished by their uncut beards and short robes, is channelled into the long established Committees for the Commendation of Virtue and the Condemnation of Vice. These encourage people to pray, ensure that women are properly dressed in public and seek to curb manifestations of permissiveness or Christianity among the expatriate community. They close mixed bathing beeches and turn off Christmas carol muzak in supermarkets.

The problems facing King Fahd are matters of the internal political structure of the kingdom. The King came to power in June 1982, bringing promises of change on a whole series of issues, ranging from the composition of the Cabinet to the introduction of a national assembly, but his pledges are so far unfulfilled. Some of his younger subjects are beginning to think of him as a hesitant eve disappointing monarch.

The most pressing issue fecing tha King is the need for a reshuffle of the Cabinet, known as the Council of Ministers. The minister who left his job last month, Dr Ghazi al Gosaihl who held the health portfolio, was fired mainly because he had clashed with one of the King's brothers, Prince Sultan, the Minister of Defence, over the award of a defence contract which had not been put out to tender. Dr Al Gosaibl was popular for his absolute honesty and the stand he took against corruption, and his dismissal threw unfavourable light on the royal family. His broad-based popularity makes his dismissal the most important political event in King Fahd's reign so far.

Ironically, some other members of the Council of Ministers are seriously ill, and need to be replaced. They include Hussein Mansouri, the Minister of Pilgrimage and Awqaf (religious endowments), Hassan bin Abdullah Al as-Shaikh, the Minister of Higher Education, and Ibrahim bin Mohammad bin Ibrahim Al as-Shaikh, the Minister of Justice.

The replacement of these men and others in a council that has undergone only incidental changes since it was formed on the accession of King Khaled in 1975, is seen in the kingdom as a pressing issue.

It is argued, both by prioces and the more realistic technocrats that it is important that ministers, who ultimately are only servants of the royal family, be changed regularly or people will start to think of them es being on e level with the leaders of the state. It is also time that some of the younger officials in governmeot were promoted.

King Fahd himself has spokeo of the need to bring into the Council of Ministers not only new faces but "new types of men."

His inactivity on the issue stems partly from the series of Middle East crises—notably Lebanon and the Gulf War—which have pre-occupied him since he became King, and pertly from the foreign press expecting change, which in the minds of the Saudi leaders is always a good argument for doing nothing.

More important has been the difficulty of arranging a consensus on the changes among the senior members of the royal family. Apart from the King, these are Abdullah, the Crown Prince; Sultan and Naif, who are two of the King's full brothers (known as the Al Fahd) and hold tha Mioistries of Defence and the Interior; and Salman, another member of the Al Fahd and governor of the province of Riyadh. Salman is an extremely regal, dignified and generous man—the most popular of all the senior princes —and within his family enjoys the best relations of any member with both his full and half brothers.

When these people disagree among themselves the King can turn to the strong-willed and choleric Mohammad, his oldest surviving half brother (and only full brother of King Kheled), who now acts as a father figure in the family. On his own, Fahd will be loth to make a decision because he hates to overrule people. He was described recently by one of his subjects as "not at all e brusque person—a man who cannot say 'no'."

While the King has hesitated over reforming the cabinet he has done nothing about any of the broader political issues facing the kingdom. These include the need for a reform of provincial government, involving a redefinition of the powers of the governors and the institution of provincial assemblies, the publicatioo of "articles of government" (in effect a constitution separate from the Shariah, Islamic, law which is the kingdom's official constitution), and the establishment of a *Mcjlis cs Shura*, a natiooal consultative council.

The last of these issues is the one that is of greatest concero to the expanding Saudi middle class.

Under the present system all important members of the royal family are available to their subjects in their majles (council chambers) at least once a week, and anyone can come with a petition asking for a fevour or complaining about the inefficiency of the bureaucracy.

This is an admirable system for simple people who want little more than to make an odd comment on whatever happens to be under discussion in the majlis, eat e good meal and heve their request granted. But it does not setisfy the aspirations of the bourgeoisie, which wants to be involved in more sophisticated debate and to make its influence felt on national policies. As the numbers of such bourgeoisie grow, as young Saudis return from universities abroad, this shortcoming is becoming more serious.

It is thought that if political debate comes into the open in the kingdom, there is no knowing where it might lead

It is interesting that when the King is available to receive the business community for dinner on Sundays, the director of protocol often has difficulty in drumming up a respectable number of diners. The talk before dinner allows some scope for people to ask the King questions, and the King will sense what people think from the questions they ask, but there is no possibility of arguing with the King. The majlis system does not allow for campaigning or the exertion of political pressure, as can be done with a national assembly.

The people who would like a *majlis as shura* are also asking for freer newspapers and fewer restrictions on the role of women. In accordance with the belief that the family is the cornerstone of society and that nothing should ever he done to threaten its cohesion, women in Saudi Arabia are not allowed to work.

The Saudi intelligentsia has been somewhat surprised by King Fahd's lack of ectivity on all these issues. Fahd was always thought to be a moderniser. He was a rather liberal, easy-going Minister of the Interior under King Faisal (1964-75) and was associated with the most modern projects, such as tha Jubail and Yanbu industrial cities, when he was Crown Prince. When he became King he specifically promised reforms in speeches and newspaper interviews on several occasions.

It is difficult to say why Fahd has been so inactive. Certainly the distraction of foreign events has been important here, as it has been over cabinat changes. Again there must have been difficult in achieving consensus within the royal house—and on matters of political change this is regarded as being even more important than on other matters. It was political disagreement within the family which nearly brought about the downfall of the house in 1958-1964, in the later days of King Saud.

More tentatively it is suggested by some that before embarking on controversial reforms, the King may think it wise to let his old reputation for uninhibited enjoyment of Western pleasures fade and build new Islamic credentials. He has neither the religious learning of King Abdul-Aziz, his father, and King Faisal, nor the unselfconscious piety of King Khaled. To compensate, his speeches are now full of religious references.

It may also be that the King wants to make himself better known to his people. As one of the young princes put it in private recently, "It is everything for people to see the King."

On several tours of the provinces he has held meetings at which he has answered the questions of students and other citizens. The students' questions have certainly not been planted by the royal entourage, but anything too controversial may have been weeded out first by the university authorities, and anyway the deference that the Saudi young show to their elders would not make for very dramatic discussions.

However, the King has shown himself to be very much in command of all subjects on these and other occasions—at the end of his budget speech on television last month he talked ad lib on the economy for about an hour, which King Khaled could never have done.

The King seems anxious now to project himself as a national leader. It is more difficult for him than it was when he was Crown Prince to argue just for the policies he would like. He feels that he must form around him a consensus not just in the royal family (where he has also to develop his own lines of communication with younger brothers and nephews) but in the Kingdom as a whole.

Most probably, the main reason for the delay in political change is the innate conservatism of the royal family end all other sections of society, and their suspicion of alien institutions. The feeling is that although change should come, it must come slowly.

The Saud family noted the unhappy experiences that Kuwait and Bahrain had with elected national assemblies in the 1970s. It fears that its own body, which would be appointed, would bring with it regional and community jealousies, prompted by what people might see as inequalities in its composition. It is also thought that if political debate comes into the open in the kingdom, there will be no knowing where it might lead.

An equal caution epplies to social chenges, especially where women are concerned. Saudis are less sure about the benefits of a more liberal regime than they were a few years ago — and not just because of the popular revivalist fashion in the Muslim world.

Saudi attitudes were well illustrated last month in reactions to a statement entitled A Warning Against Travelling tn Countries of the Heretics and the Danger which such Trips Constitute to Faith and Morals, issued by Shaikh Abdul-Aziz bin Baz, the senior Saudi divine.

The statement referred to the "propaganda" of travel agencies, which invited Saudi youths to spend the summer in Europe and America, and then put them on a "path of deviation" by including in the programmo "dancing parties, visits to discos and other entertainment areas and attending dancing contests with girls at night clubs, and other suspicious places."

The response of Western expatriates in the kingdom was to laugh at the blind shaikh's pronouncement, which was based on only the haziest conception of Western society and was issued by a man who had once declared the world to be flat. But the King endorsed Ibn Baz's views when he talked to the Saudi football team a few days later, and many other Saudis—intelligent, able men—said that they sympathised with the statement.

A typical comment was that of a Jeddah merchant, who said that he had "burnt his fingers in the West." He and his family, he explained, had had extensive contact with the West, but had found that their different roles had been confused by the experience and were not sure that it had made any of them any happier.

Jarvis rides out of Raleigh

Nottingham-based cycle maker TI Raleigh might have an international reputation for the quality of its cycle saddles. But running this traditional, and recently troubled, manufacturing operation is one of the hot seats in British industry.

Roly Jarvis, the incumbent for less than three years, says "I've been head-hunted." He leaves within two months to head Low and Bonar, the Dundee-based packaging, engineering, textiles, and trsvel operation.

Bets are already being taken within the TI group on who the in-house successor is likely to be. But there could be a surprise. The appointment has already been made, I am told, and it will be someone outside TI and the industry.

Jarvis, a man imbued with the Ford management style, took over the top job at Raleigh in 1981 when losses were around £10m. The trading loss in 1983 was cut from £7m to £2.5m, and the recent TI annual meeting was told that business is expected to move into profit this year.

Jarvis, who has halved the British labour force to 3,500 insists, "We are making good progress. I have been very happy here."

But he reckons that his personal prospects at Low and Bonar which has almost double the turnover (£175m) of his present operation, are better. "It is a medium-sized international conglomerete in media terms," he says.

"Mr Prior didn't mention resigning but Mrs Thatcher did ring to say don't bother closing the stabledoor"

Men and Matters

Capital style

Two former senior men from 3i Ventures, pert of Investors in Industry, accountant Ronald Sheldon, aged 36, and chemist Dr John Welker, aged 44, are setting up a novel venture capital service in the City.

Walker claims "I believe that the terms and conditions we have achieved for this one will be the bench-mark for future venture capitalists."

Charterhouse Japhet, now part of Jacob Rothschild's Charterhouse J. Rothschild group, is sponsoring them to run a £15m venture capital fund for the company.

They are being contracted with the aid of e small team they are recruiting, to make end manage the investment of the fund—which has been fully subscribed already by British pension funds. The two men have equity stakes in the management company.

Subscribers to the fund include the Civil Aviation Authority Pension Fund, London University Pension Fund, West Midlands County Council Pension Fund, and the Post Office Pension Fund.

Sheldon and Walker are homing-in on high technology—an area of industry they both are familiar with. Investment is to be concentrated in data and telecommunications, office and industrial process automation, health care, bioscience, and general epplications of microprocessor technology.

The key to the arrangement is the freedom given to Sheldon and Walker to back their own bunches, and then to participate in the management of companies they help. A deal has been done already by the new fund to back a Scottish semiconductor venture, and further investments in the next two months will total about £2m.

Hold office

Apart from the Imperial family, no Japanese inner sanctum has excluded the foreign-born so rigorously as the hierarchy of sumo, the national sport of wrestling. But even this barrier is about to fall.

It will do so to the formidable bulk of a 430 lb, 39-year-old from Hewaii. He is the former Jesse Kuhaule, who has become an institution in Japan under his sumi soubriquet, Takamiyama, end whose wrestling career came to a close after 20 years with the end of the latest basho (tournament) in Tokyo.

Though not the first foreigner to get into sumo, Takamiyama has been easily the most proficient. And on his retirement, he sets a precedent as the first man not born a Japanese citizen (he is one now) to become an oyakata, roughly equivalent to a peer of the sumo reelm. As such, he will run his own sumo training stable.

Partly because of his record, his size, his whiskers and his generally agreeable nature, Jesse, as he is still commonly known, has become one of Japan's most visble and commercially successful sportsmen. He has been regularly introduced to the world's high and mighty. Mrs Thatcher met him during her tour of Japan two years ago—and even she seemed impressed.

In fact, Jesse has become quite s regular on Tokyo's diplomatic circuit, where his appetite, however, has required special attention. At an otherwise routine British Embassy dinner party it was observed that while ordinary guests received the standard fare of smoked salmon, steak and sn ice-cream confection, Jesse's plate was quietly laid with four helpings of each item. And he finished his meal first.

Thin support

Overweight politicians, bankers, and trade unionists, might take a leaf out of the book of their Bolivian opposite numbers who, this week, have brought the practice of the competitive political hunger strike to a fine art.

In La Paz some 600 Central Bank staff are fasting in protest against the devaluation of tha Bolivian peso last month from 500 to 2,000 to the dollar.

Meanwhile, seven leaders of the Bolivian equivalent of the TUC have been refusing food for a week in protest against government austerity measures suggested by the IMF.

The hunger strikers have neatly turned the tables on President Hernan Siles, who owed his early reputation to the fact that during his first presidency 30 years ago he himself went on hunger strike in support of an IMF-inspired austerity package.

Siles, now well into his sixties, and a lot frailer than when he made the gesture, has had to reject any idea of fasting yet again for his political belief.

Any takers in Britain? Are you listening Cyril Smith?

Star quality

Over-riding all other art forms at the Cannes Film Festival has been the art of being seen at the right parties. Misunderstandings have arisen and the bouncers have been busy.

One cynic claims he has the answer. "I'm organising a gate-crashers' ball. Nobody with a ticket will be admitted."

Observer

BRITAIN'S STRIKING MINERS

The cracks beneath the surface

By Philip Bassett, Labour Correspondent

Picket duty in Nottinghamshire: most of Britain's 190,000 miners are still on strike

"SI-NGING in the rain," went the pickets. "What a glorious feeeeling—we're happy again!" But behind the rain-soaked bravado yesterday of the miners outside Markham colliery in north Derbyshire they couldn't really be happy: 11 weeks in, the pickets are struggling to prevent the coal strikes cracking open.

In Lancashire, the National Union of Mineworkers is playing its final card, threatening to withdraw union benefits from those continuing to go into work. In Nottinghamshire, it is business as usual. In South Wales, strikers tore up a return to work petition in front of the TV cameras. In Derbyshire, the National Coal Board is offering cash inducements to try to increase the trickle of men going into Markham and so match the torrent which poured down yesterday from the grey skies.

Nevertheless, most of Britain's 190,000 miners are still on strike, and still solid.

"There's lots do feel strongly in support of the strike," said Mrs Marjorie Shillito, a 48-year-old Doncaster miner's wife, who is opposed to it. Mrs Shillito, whose husband Frank, 56, works at the Yorkshire Main colliery, says: "But there's lots don't. The hard part is bringing it out into the open."

Mostly, the miners themselves keep their heads down—shy of provoking the ridicule and the wrath of their striking workmates. "There are people who want to go back," says Mr Kenneth Ambler, a belt maintenance worker at Wistow Colliery in North Yorkshire. "They're a minority — but they do a lot of damage." But as Mr Brian Harpin, a mining deputy at nearby Stillingfleet, said: "There's a difference between saying it in your village, and saying it in the union hall."

At Wistow, like Stillingfleet, part of the NCB's plum Selby project, an effort to drum up a return-to-work petition collapsed. "After that, people at Wistow don't want to go back now," said one striking worker at the pit.

Bridging the gap between words and actions is now crucial for the NCB — and preventing that is crucial for the NUM. Though pleased with a few miners turning in, NCB officials know that much bigger movement is needed for it to make any difference.

In Yorkshire, for instance, the NCB needs at least one really large pit, such as Kellingley, near Pontefract, to go back. "That's not likely," says Mr John Heaton, a 26-year-old electrician there—and privately, the NCB agrees.

Much as Mr Ian MacGregor, NCB chairman, would like to see it, the Coal Board agrees that there is no significant return to work movement yet. Away from the picket lines, there are undercurrents, even in the hard-line strike areas, but if they come up at all, feelings surface only in covert letters from miners' wives to anti-strike campaigners such as Mrs Shillito.

"We live in the middle of this awful strike, and would not like it to be known that we don't want it," writes a Kent miner's wife. "But it's tearing our families apart." Underlining the reason why the Government has reinforced policing against intimidation of working miners, she writes: "Don't broadcast this—we don't want to be mugged."

A letter from Wakefield: "My husband is prepared to go into work tomorrow, if it were possible." Another, "a very frustrated miner's wife" from Barnsley: "There are literally hundreds of Yorkshire miners and their wives behind this sentiment, but we have realised it's more than useless to appeal to Scargill. He doesn't want to know."

Finally, one from Easington, Co Durham: "We have got to keep on fighting and let it be known that there are different opinions in this dispute."

Representative? Who can be sure? Mr Jimmy Hartley, NUM delegate at Wistow, is dismissive: "For every one man who wants to go back, there are 1,000 who don't."

If there were to be a crack in the monolithic solidarity of Yorkshire, then the NCB feels it would be most likely in the high-wage, long-life Selby area. Like the Nottinghamshire pits which have worked throughout the strikes: "We've got thick seams and big money," says one Selby miner. "If you gave a ballot now there would be a lot more people in Yorkshire, such as at Wistow and Gascoigne, that would vote to go back to work than would vote to stop out."

Speaking in their neat, comfortable housing estate homes which spread out from such villages as Thorpe Willoughby, two miles from Selby, the miners fit in reasonably well in the community around the plain of York market town.

Owner-occupancy in Selby already stands at 68 per cent, and the influx of 2,000 miners may well do little to reduce the local Tory MP's 16,000 majority. "I'm not saying that I don't agree with the basic strategy of the Conservatives," says one Thorpe miner. "But Mrs Thatcher is going far too far to the right. Everybody is losing faith."

As Mr Ronnie Wood, a 25-year-old coal haulage worker at the Gascoigne Wood pit, says: "We have nothing to gain or lose at Selby. The future is assured. It's a long-life pit. It will see me out." But he adds: "We have to stand up for the union. They are talking about privatising us here. If we lose the union now, they will walk all over us if they privatise it—and there'll be no one to stand up for us."

Selby is not showing signs of cracking—but the miners there do want to negotiate. "They will have to go back to the table to talk," says Mr Wood. "If you don't give a dog food, then sooner or later it will come back and get it if it knows where it is."

What kind of negotiations? "Let's have a discussion between the second-in-commands," says another Thorpe miner, "because at the moment we seem to have MacGregor and Scargill, both with extreme views." But Mr Heaton says: "The only way we can get MacGregor to the negotiating table is to stop the coal. Let's have power cuts—because if not there is no reason for them to open negotiations."

Despite Derbyshire, despite Lancashire, despite Nottinghamshire, are they still confident? "What else can we lose?" says Mr Heaton. "We may as well go on to the bitter end."

"We will win," says Mr Ambler. "It might take till Christmas, but we will win. It won't give us satisfaction, because it will have hurt us. But at least we will be able to walk down Selby with our heads held high."

WELSH WIVES STIFFEN RESISTANCE

IN SOUTH WALES the hairline cracks in solidarity that have been evident over the past few days do not yet amount to a serious problem for the NUM.

The miners' "back to work" movements have been concentrated in the Celynen South and Cynheidre pits. At Cynheidre, there were 200 pickets and about 150 policemen yesterday, and a group of about 20 men tried to get into work for the second successive day. Those who did get in decided to return home when the NUM said safety cover would be pulled out.

The Cynheidre rebellion could fizzle on, attracting more pickets and ugly scenes *over the next few weeks.* In Celynen South, however, the complaints seem to have been buried.

The NCB naturally claims that these two flickerings represent a significant undercurrent of feeling and point out that only 10 out of 28 pits in South Wales actually voted for the strike in March.

As hardship bites, grumbling has increased. But among many the privations have provoked an increasingly determined response—even in the age of videos and miners' mortgages. Mr Ernest Way, 57, the Celynen North branch chairman, said that the first five weeks of the strike had tended to cause argument and dissention, but then families "had turned in on themselves and closed ranks."

Mrs June Beechey, a miner's wife with a part-time cleaning job, spoke for a *group of wives who had just* finished an hour's fitness class in the Newbridge Institute: "We wouldn't let them go back, even if they wanted to now."

Men such as Mr Ken Stephens, with a wife and two children, on £30 a week supplementary benefit, are relying increasingly on the resurgence of community spirit that the strike has created. Food and money is coming in to the NUM from all over Newbridge and the surrounding villages.

Mr Stephens points out that the latest edition of Old Moore's Almanac says the strike will last until spring 1985—but the idea does not seem to fill him with gloom.

That may be in part because South Celynen was known to have only nine months left before the strike began. As Mr Ray Lawrence, NUM secretary there, put it: "We are determined now, like lemmings. We'd rather commit suicide than give in."

David Goodhart

International debt

The danger of Reagan's 'Imperial Circle'

By George Soros

WITHOUT intending it, or even being aware of it, the Reagan administration has developed a new form of economic imperialism which allows it to finance a high budget deficit at the expense of the debtor nations. The policy is likely to appeal to the voters but it is bound to have disastrous consequences.

The budget deficit is not deliberate. It is the unintended consequence of irreconcilable policy objectives: a desire to cut public spending while maintaining a strong military posture and reducing taxation. When government spending could not be cut sufficiently the deficit soared. Fortunately for Reagan, the budget deficit set in motion a self-reinforcing process which is beneficial for the U.S. Unfortunately for the debtor countries, what is a benign circle for the U.S. is a vicious circle for them.

The budget deficit keeps interest rates higher than they would be otherwise. High interest rates coupled with financial deregulations suck in funds from all over the world. Political considerations also play a part: a strong defence posture in a world fraught with conflicts tends to attract foreign capital.

The budget deficit stimulates the economy. Without it, the recovery could not have been as fast and vigorous as it turned out to be. The recovery, combined with high interest rates and the influx of foreign capital, tends to keep the dollar strong. The recovery, combined with a high exchange rate, tends to suck in imports and create a trade deficit. The trade deficit combined with a high exchange rate tends to moderate inflation. As a consequence, the U.S. enjoys the best of all possible worlds: strong economic growth combined with low inflation and a budget deficit financed by the influx of foreign goods and foreign capital. I shall call this benign circle the "Imperial Circle."

The strength of the U.S. economy helps debtor countries to build up their trade surplus. For the rest, the "Imperial Circle" acts as a vice which squeezes them dry. Both interest rates and the dollar are much higher than they were when the debts were incurred.

Like other self-reinforcing, self-validating connections, the Imperial Circle is liable to be broken. Countries like Brazil enjoyed a period of unprecedented prosperity while they were amassing debt, but when the music stopped the piper had to be paid. It is only a question of time before the same thing happens to the U.S. budget deficit. When capital inflows cease to exceed the new rising trade deficit, the dollar will decline and the Imperial Circle will be turned upside down. With foreign capital seeking refuge elsewhere even a shrinking budget deficit will be more difficult to finance. With the dollar weakening, interest rates and the rate of inflation may rise when it ought to be falling.

President Reagan seems to understand the workings of the Imperial Circle better than his economic advisers. That is why he has been so adamantly opposed to raising taxes. Political and economic pressures will oblige him to do so after the elections. Nineteen-eighty-five may therefore turn out to be a year of economic crisis.

> 1985 may turn out to be a year of economic crisis

The tension between the collective of commercial banks and the debtor countries is also likely to reach a climax around that time. Countries like Argentina, Brazil and Mexico will have built up significant trade surpluses; yet they will be suffering from continued high unemployment and recession.

Debtor countries may choose to stimulate their domestic economy rather than service their foreign obligations. If they continue to abide by the IMF prescription, discontent may well find expression in direct action. It will be all too easy to interpret political developments in an East-West context and to combat Communism all over Latin America, *not to mention* the Philippines or Tunisia or Kenya. A slowdown in the U.S. economy would then coincide with a debt crisis and/or political turmoil in Latin America and other parts of the Third World.

Is there no alternative to economic and political calamity in 1985? I believe there is, but it would require a thorough revision of U.S. economic and foreign policy.

To bring the budget into better balance it is essential to reduce *military expenditures.* But that is not enough. The U.S. budget deficit is the last remaining engine of inflation in the world; if it is reduced, deflationary forces will predominate and the world economy is going to crash. The heavily indebted countries will be unwilling and unable to pay their debt. That is a problem that needs to be resolved. It cannot be resolved between the banks and the debtor countries for the simple reason that the banks' commitments far exceed their own resources. Any viable arrangement will require some additional commitments from the industrialised nations both to underwrite the banks and to ensure a flow of new lending.

Military spending can be reduced only if there is a relaxation in political tensions. Anti-Communism as it is professed and practised by the Reagan administration runs a great risk. If we interfere in the internal politics of countries within our orbit in order to prevent them from falling into the Communist orbit, we must deny them the privilege of choosing their own form of government.

Since under the present arrangements we are also denying them economic prosperity, we are obliged to rely on increasingly oppressive regimes in order to maintain our dominion. That is already happening in Central America, but if we continue on our present path, the rest of Latin America is likely to follow.

If we did a better job in assuring the freedom and prosperity of the countries at the periphery of our economic empire, we would have less need to depend on our military might. The way to do it is not by regional handouts to repressive regimes but by tackling the international debt problem.

The author is an international fund manager based in New York.

Letters to the Editor

Bemused by tax changes

From Mr M. Taylor

Sir,—Michael Prowse (May 21) is not the first of your correspondents to appear bemused by the implications of the *capital taxation changes* announced in the Budget; a thread of misunderstanding about the whole question seems to be running throug the pages of the FT. The notion that the changes are intended to persuade companies to substitute labour for capital is surely nonsense; one might as well suggest that the removal of life assurance premium relief is intended to persuade people to stop providing for their dependents.

The reduction in first-year allowances, taken in conjunction with the abolition of the National Insurance Surcharge (which Mr Prowse does not even mention) must be designed to discourage substitution of capital for labour at the margin, where it has only made sense for individual companies because of a goulash of high capital subsidies and levies on labour. The Phillips and Drew calculation, showing that 15 per cent more profit has to be earned on a typical marginal capital project to save it from the waste-paper basket under the new taxsystem, must be music to theTreasury's ears.

A more fundamental misapprehension consists of treating the tax system as though it were an absolute determinant of behaviour (as it has, indeed, sometimes appeared to be) rather than the broad framework which the Treasury now clearly intends. Of course those businessmen who have worked out that they will pay more tax are going to howl, as Anthony Harris gleefully pointed out in a recent Lombard, but we must not mistake their squeals for an objective appraisal of the corporate tax regime. British businessmen have grown skilful at coping with insanity, and would rather escape all tax in a system designed by Caligula than pay a modest levy to Augustus; by which I do not mean to flatter the present Chancellor.

As for the abolition of stock relief, might that not just be a bit of demand management designed to dampen the enthusiastic stockbuilding, fuelled by expectations of rising raw material prices, which is characteristic of this stage of the cycle, rather than a crazy declaration of victory over inflation? Stock relief could be brought back overnight if a liquidity crisis threatened to develop. I don not claim any particular insight into the Lawson Budget; it just seems to make more sense to me than to Mr Prowse and some others in Bracken House.

Martin Taylor.
89, Dacre Park, SE13.

Amiable gwailos

From Mr G. Chichester

Sir,—Anatole Kaletsky's Lombard (May 17) recalled to mind my only visit to Hong Kong and the strong impression its dynamic, thriving society made on me. More recently I visited *Australia and New Zealand* and it was clear to me that they expect a substantial migration as a consequence of China taking over the colony. There did not seem to be any antipathy to the idea. Whereas one can imagine the chorus of complaint here from all those who feel threatened by the prospect of an influx of industrious, skilled workers and entrepreneurs.

The idea of re-creating a Hong Kong in, say, the Isle of Dogs or the heart of Liverpool's decayed dockland is awe-inspiring. What a dramatic impact it would have on our country if it really happened. As however we are hardly noted for our interest in imaginative, bold schemes on the grand scale nor our determination to carry them through (unless they be white elephants) I fancy the view that we are already overcrowded will prevail.

If a significant migration did take place I envisage a different form of social problem. The Chinese in Hong Kong regard us gwailos with amicable contempt and their superiority complex could inhibit smooth assimilation. Nevertheless the benefits in the long term should far outweigh the disadvantages of short term frictions.

Giles Chichester.
9 St James's Place, SW1.

The cost of defence

From the Marketing Director, Panavia Aircraft

Sir,—The article "The rising cost of defence" (May 15) which emphasises so well the need for multi-national European collaboration in the *defence area,* refers to "The cost escalation in the price of the Tornado aircraft as an awful warning of the disadvantages of collaboration."

It is worthwhile mentioning that with the exception of tri-national inflation which applies to every product, the Tornado programme and the Tornado aircraft have not encountered any cost escalation in real terms. The maximum price which was tri-nationally agreed in 1976 when series production began has remained unchanged until today.

As a matter of fact, the actual price of the individual production batches encountered so far have been even lower than the previously agreed figures. How very little multi-national co-operation adds to overall programme cost may be highlighted by the fact that, for example, the cost caused by operating Panavia as a tri-national management organisation is less than 1 per cent of the company's overall turnover.

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Farming not so profitable

From Captain C. Forquharson

Sir,—I was most surprised to read in Mr Robin Pauley's article on ratepayers (May 12) that farmers "do not ever get a rates bill for either land, buildings or home." This statement is totally incorrect as farmers have always paid rates for their houses.

I would also like to take this opportunity to try to squash the widespread belief that agriculture is very profitable. There was a recent survey by the North of Scotland College of Agriculture on farm incomes in the Grampian region which showed up as follows:

	1971/72	Equivalent at 1982 Prices	1982/83
	£	£	£
Upland farms	5,465	18,083	7,555
Low ground	7,213	23,866	14,989

The returns on tenants' capital in real terms are down from between 16½ per cent and 22 per cent to under 4 per cent.

It must not be forgotten that these returns are not spendable income but have also to be used to replace machinery and other equipment on the farm. It is obvious from this that agriculture is certainly not a booming industry in this part of the world. To add a rate bill to it would create further problems for a very disadvantaged area.

It should also not be forgotten that land is the farmers' raw material in the same way as, say, iron and steel or grocery items are to manufacturers and shopkeepers. There appears to be no cry for these to be rated so why should the farmers' raw materials be rated?

(Capt) C. A. Farquharson.
Estate Office, Haddo House, Aberdeen.

Academic salaries

From Dr P. Marett

Sir,—I have some difficulty understanding the figures for university chemists in the article of May 17. University academic salaries are straightforward. At least 60 per cent of academics are on the "lecturer" scale an incremental salary scale rising by 16 automatic annual steps to £14,125. Not more than 40 per cent of the academic staff of an institution may be promoted beyond this and as "senior lecturers" will reach a maximum of £16,925. A very few will become professors with an average salary of £20,300.

In the Royal Society of Chemistry figures the lower quartile salary and the median are obviously the maxima (rounded up to the nearest £10) of the lecturer and senior lecturer scales respectively. The upper quartile figure is within the professorial salary range. *It does appear that the* sample includes a disproportionate number of senior lecturers and professors: overall in a university 60 per cent of the academic staff are getting £14,125 or less, though the present blockage in the 40-50 age group (due to rapid expansion followed by a virtual standstill on recruitment) means that more than normal are on the top of the lecturer scale.

You mention job security in universities and it is certainly an attractive perquisite but I think we must remember that most public sector and professional personnel enjoy a high measure of security, even if this is not true in the commercial and industrial world. Other non-cash perquisites are totally lacking in universities: there are no company cars, subsidised meals, private health insurance, or the like.

Obviously, as a university lecturer I am not unbiased. It may be that chemists outside universities are underpaid, but an average career taking one to £14,000 by the late 30s would not be very attractive to, say, an accountant or a lawyer or a medical practitioner.

(Dr) Paul Marett,
Department of Library and Information Studies,
Loughborough University, Leics.

FINANCIAL TIMES

Wednesday May 23 1984

Afghan rebels find Red Army captives a burden, writes Tim Cooper

The plight of a Soviet prisoner

THE 22-YEAR-OLD lieutenant was a bedraggled spectacle. A Red Army officer, serving in Afghanistan, his hair and long beard were matted and filthy. He blinked in the light, for he is normally locked in a damp cellar all day. He rubbed his ankles; his captors had removed his shackles for our meeting.

Alesandr Andreyevich Zhurakovsky is deeply disillusioned with the Soviet army which, for the past four years, has unsuccessfully tried to defeat the Afghan rebels.

"The officers told us that we were going to Afghanistan to protect the civilians against the enemy. What the enemy was I didn't know. When I got to Afghanistan I realised that the enemy was ordinary people, partisans. The officers said we had to fight these enemies, but this fight isn't necessary. Why kill civilians?"

The Afghan rebels, who operate from camps on both sides of the border with Pakistan, are believed to hold about 300 Soviet prisoners. The conditions which troops face in Afghanistan today are, according to prisoners, far worse than they had been led to believe.

There are shortages of everything from basic foodstuffs to ammunition, and very low morale has led to widespread drug abuse among the troops, the prisoner says. In many ways the Soviet Union seems to be experiencing in Afghanistan the same sort of problems which the Americans faced in Vietnam.

Not only do the Soviet commanders have to motivate a mainly conscript army to fight an unpopular war, but they also have to try to persuade Moslem troops from the Soviet Central Asian republics to fight fellow Moslems, a task in which they have apparently not succeeded. Nowadays more European Russians are used and Soviet ground forces do not normally leave the safety of their garrisons.

For the past few weeks Soviet forces have been engaged in a large offensive, aimed at wiping out Mojahideen (rebel) resistance in strategic areas such as the Panjshir valley and Mazar-i-Sharif, from where attacks on Soviet supply convoys are launched.

Many observers see this as a crucial offensive and a large number of fresh reinforcements have been flown in. This may also indicate a lack of confidence in the Soviet troops permanently established in Afghanistan.

There is no single reason why the Soviets have chosen this time to step up fighting in Afghanistan, although Mr Konstantin Chernenko, the Soviet leader, seems less inclined to seek a negotiated peace than Mr Yuri Andropov. One of the reasons may be that a few decisive victories are sorely needed by the Russians to boost army morale.

Many of the Russians with the prisoners are deserters. A typical one is Dhemalbekov Garid Uradmakhmanovich, a 25-year-old private from Tajikistan. He deserted because he could not stomach the tactics the Red Army was employing.

"They (the Russians) bomb every day, all the time with planes and helicopters. If the Mojahideen set fire to trucks on the road, they carry out strikes against civilian houses. They don't bomb the Mojahideen, they bomb the houses," he said.

Morale had been good in the Red Army, he said, during the "Great Fatherland war," when they were fighting the Germans. Now they're not fighting for their country and their only concern is to get home as quickly as possible.

"They don't want to go out on operations. They just want to play around, take drugs. They sell petrol, they sell bullets, boots and they buy drugs. Most use hashish but a minority take heroin."

Dhemalbekov was cynical about his fate if he ever went back to the Soviet Union. Although the Mojahideen have given him permission to write home, he doesn't because he believes "it could have a bad effect on our relatives. The KGB could treat them badly. You just can't correspond at present."

He wants asylum in the West. "We've written to the Canadian Government for political assistance," he said, "but we don't know yet what will happen." The West, so far, has helped only two prisoners. Most countries are wary of offering asylum for fear of straining Pakistan/Soviet relations – any prisoner going to the West would have to travel through Pakistan.

The Mojahideen see the prisoners as an irritant; two years ago they were all summarily shot. That changed when the Red Cross suggested that the prisoners could be interned in Switzerland for two years and then repatriated, but this plan did not work.

Most captives had no intention of going home, and the Mojahideen became reluctant to give up those prisoners who did wish to return when it became apparent that the Afghan Government would not exchange them for Mojahideen prisoners.

There is now firm evidence that the "no prisooers" policy is again being put into effect by the rebels. The rebels say that in addition to there being no political advantage in holding prisoners, the camps where they are held become priority targets for Soviet bombings aimed at silencing the prisoners for good.

The problem of the prisoners is complex. If the West does wish to help it may have to offer asylum to suitable candidates. If this does not happen soon, there may be no candidates.

Mexico begins $490m share sell-off

By David Gardner in Mexico City

NEARLY $500m of shares in Companies, swept into Mexico's public sector when the banks which owned them were nationalised in 1982, were offered to former bank shareholders yesterday. This was the first stage of the selling of state holdings in 339 companies.

The shares, valued at pesos 87.4bn ($490m) with interest accrued to May 31, are being offered in packages. In most cases their central attraction is the banks' former financial services subsidiaries.

The Government's decision to privatise the financial companies, and in particular the brokerage houses and insurance companies, is seen by market analysts as creating the conditions for a parallel capital market developing in competition with the state banking system.

A question mark nevertheless hung over how and at what price the financial subsidiaries would be disposed of.

The package system, details of which were published yesterday, is designed to ensure that all the assets to be divested are sold. The packages are thus put together around either a financial company or a plum holding in the mining, food processing, chemicals or tourism sectors, with a selection of smaller stakes in industrial assets of varying attractiveness.

The shares have not been individually valued, instead a price has been set on the package as a whole.

This mixture of assets of different worths appears at first sight to indicate that no prior deals have been struck between the authorities and the former bank shareholders, who have two months to decide whether to take up their options.

Only in one case, involving the brokerage house of Banamex, Mexico's second largest bank, is a major asset being offered on its own.

Nearly all the stock on offer is held by Mexico's three largest banks, Bancomer, which is selling shares worth pesos 29.2bn, Banamex, offering pesos 43.9bn, including substantial holdings in tourism, and Serfin, which is selling shares worth pesos 11.8bn.

Total compensation paid out to former bank shareholders – amounting to pesos 140bn including interest – far exceeds the total value of the shares being sold, so that in theory there are funds available for the purchase of the assets. Compensation was issued in the form of indemnity bonds, which can now be exchanged for the shares, or eventually cashed in at their face value.

According to stockbrokers here, however, the valuation of the packages puts most of the individual shares at between 10 and 30 per cent above the current market price.

The Mexico City stock exchange, which had more than 15 per cent wiped off its 42-stock index in the first week of April, has appeared to be rising in the past week in sympathy with the higher valuation.

THE LEX COLUMN

Mr Sainsbury's 5 per cent

The jobbers seem not to have planned yesterday's market fall, given the small mark downs at the opening. Sentiment is such that good news is ignored, and the uncertainties – U.S. interest rates, sterling, gilts, miners – loom large. Wall Street's weakness, overnight and again at its opening, was the last straw, and even the prop the oil sector has been giving lately gave way.

Sainsbury

Even Olympic swimmer J. Sainsbury was unable to make progress against the stock market tides yesterday. Profits for the year to March advanced £30m to £130m pre-tax, comfortably ahead of expectations, but the shares slipped back 3p to 547p, where they rest on a multiple of 21 times actual tax earnings.

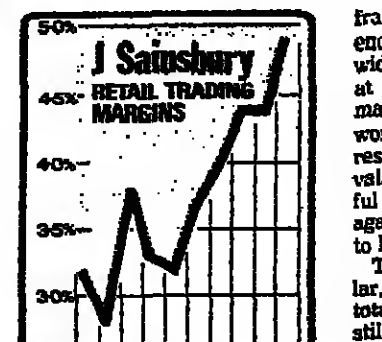
The trading statement makes familiar enough reading. Volume has risen by 10 per cent, with a quarter of that coming from established stores, costs have been well contained and capital spending of £180m has been funded from cash flow. The one figure which looks truly remarkable, even by Sainsbury standards, is the retail margin of 4.9 per cent.

The progress of Homebase towards break-even, the shift in product mix towards higher margin fresh foods and the growth in volume have all contributed to the higher return. But it is hard to imagine that these factors alone have contributed an extra half point to margins. Sainsbury has almost certainly been taking advantage of a fairly cosy market to stretch gross margins.

That strategy must by now be reaching its physical limits. Either the company's suppliers or its competitors (or maybe even Sir Gordon Borrie) will put a cap on margin growth. In that event, profits are likely to rise only about in line with sales – say 15 per cent a year. Hardly humdrum, but not the sort of growth which normally justifies 20-plus earnings multiples.

RHM

The interim figures of Ranks Hovis McDougall (RHM) illustrate the other side of the retailing coin which is once again attracting the attention of the Office of Fair Trading. While Sainsbury glides serenely on, RHM struggles just to stand still. In the six months ending March 3, it was unequal to that struggle. Profits fell 10 per cent to £23.3m pre-tax.



Yet the multiple retailers played at most a walk-on role in the latest episode of RHM's epic struggle to make a decent return. Buying pressure may have encouraged the group to defer a bread and flour price increase until November but the main protagonist was as ever Associated British Foods. Competition from that quarter is holding the annual rate of loss reduction to around £2m in baking, despite the heavy spending on cost saving and RHM is in the meantime suffering from depressed food product markets in the U.S.

For the full year, however, RHM may approach the elusive £50m profit level. The effect of the agricultural division sale, which cost over £2m in the first half, should be broadly neutral over the year and cakes are still racing ahead. The balance sheet is now in sound shape and the group has recently shown some finesse in its disposals and investments. But spectators are at a loss to see where the long-term growth comes from and the shares, down 7p at 87p yesterday, still rest heavily on bid conjecture.

ICL

The problems posed by too narrow a customer base and arguably too broad a product range, look more glaring than ever at ICL, now that the spotlight has switched from rationalisation to growth. The modest improvement in pre-tax profits from £18.7m to £18.3m for the six months to March is less revealing in this sense – especially given the halving in interest costs and some sizable foreign exchange distortions – than the muted 8 per cent gain in turnover. The 20 to 25 per cent volume growth in mainframe sales has simply not been enough to counteract the industry-wide decline in prices, accentuated at ICL by the move into smaller mainframes suited to the new networked product line strategy. The result, flat mainframe revenues in value terms, has overshadowed useful growth in other areas and points again to the pivotal roles assigned to ICL's forthcoming new products.

The DM 1 computer, in particular, is adding heavy launch costs to total underlying development costs still running around 9½ per cent of revenues. Given also the £4m rationalisation costs in France and further operating losses in that market, there has been no room for any improvement in trading margins despite the absence of UK redundancy costs which blighted 1982-83. Indeed, only another round of productivity gains and some reduction in ICL's usual seasonal dependence on the second half have averted a decline in margins. For the whole year, pre-tax profits should still emerge in the £50m to £55m bracket, implying an actual tax multiple of less than seven times.

Whitbread

The attraction of Whitbread's shares as a defensive investment was not exactly enhanced by yesterday's 4p fall to '42p in the face of a 17.4 per cent gain in 1983-84's pre-tax profits to £95.1m. But the shares have risen sharply relative to both the brewing sector and the general market since December, and the latest figures should reinforce the impression of a solid if unspectacular business strategy with future prospects to match.

Assigning half its retailing interests to beer, more than a third of Whitbread's earnings can now be distinguished from its brewing activities. The diversification has been expensive – retailing, wines and spirits have accounted for £97m of the £150m capital spending in 1983-84 – and has to date had a disappointing impact on trading margins. These have stayed flat despite the best year for beer sales since 1979. But Whitbread clearly thinks its recent wave of acquisitions can now help it push its return on capital significantly over 10 per cent, and has lifted its dividend by 15 per cent to show its confidence. Yielding 5.7 per cent the shares now stand on a prospective actual tax multiple of 8¼ assuming pre-tax profits this year of £107m taxed at 30 per cent.

Ford buys telecoms stake

By Paul Taylor in New York

FORD, the U.S.-based car manufacturer, is to enter the fast growing and increasingly competitive market for business telecommunications services.

Mr Philip Caldwell, Ford's chairman, said yesterday that the U.S. automotive group had agreed to buy a 70 per cent stake in Starnet, a California-based telecommunications group. Terms of the deal were not disclosed.

Mr Caldwell said "our investment in Starnet is another step in Ford's plan to accelerate growth of its diversified businesses. Starnet provides long-distance telephone and data transmission services for 1,500 medium and large-sized companies, mainly through the use of satellites.

The Ford chairman added: "We believe this long-distance telecommunications market, which is growing at an annual rate of more than 10 per cent, will continue to expand rapidly, although Starnet is just beginning its third year of operation its growth has been impressive and we expect its future pace to exceed the industry rate."

Starnet, 80 per cent owned by Greater Media and 19 per cent by United Brands, will be operated as a subsidiary of Ford Aerospace and Communications.

GM has only recently announced that it was considering "a possible association" with Electronic Data Systems, the Dallas-based computer services company.

UK Government approves sale of BL's Jaguar subsidiary

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

THE BRITISH Government yesterday approved the return to the private sector of Jaguar, the luxury car subsidiary of the state-owned BL motor group. The public offer for sale will be later this year.

The Government caused a political row, however, with its announcement that BL's Leyland Truck subsidiary is to close its plant at Bathgate, west of Edinburgh in Scotland. All 1,770 jobs will be lost in the next two years.

The closure and the sale of Jaguar were among the proposals put forward by BL in its 1984 corporate plan, to which the Government yesterday announced its consent. Another BL factory, the Charles H Roe bus plant at Leeds in northern England, will also close. Production will end in September and 440 will be made redundant.

There was uproar in the House of Commons after Mr Norman Tebbit, the Industry Secretary, announced the details of BL's plans. After more than an hour of noisy argument Mr Bernard Weatherill, the Speaker (chairman), granted a request for a three-hour emergency debate today on the Bathgate and Roe closures.

Mr Tebbit said the public offer for sale of Jaguar followed sustained improvement at the subsidiary. "As a result of this improvement the BL board are now able to propose as a first step, subject to the approval of the shareholders of BL, that Jaguar cars should be returned to the private sector later this year."

Jaguar will be sold, probably in July, with special arrangements for both its own employees and existing BL shareholders, who will have preferential treatment. BL still has 67,000 shareholders who between them own 12.5m shares. That is only 0.3 per cent of the issued capital.

BL had wanted to retain 25 per cent of Jaguar but the Government believed this would have made the car company less saleable. BL will, however, be allowed to keep the proceeds of the Jaguar sale.

Mr John Egan, Jaguar's chief executive, said yesterday he was delighted with the proposed arrangements. "The flotation of Jaguar is the culmination of all the hard work put in during the past few years."

Jaguar, he said, "can stand on its own feet and fund its future investment programme."

The Government intends that the sale terms will prevent Jaguar losing its independence for five or six years, a measure aimed in particular at preventing a takeover from outside the UK.

BL said yesterday more money "from the Government or anyone else" would not solve the problem at Bathgate of excess capacity or help to reduce costs. In the Commons Dr Gavin Strang, a Labour MP for Edinburgh, said the closure would be resisted by Leyland workers and the whole of Scotland.

"The closure of Bathgate in two years' time would be industrial sabotage," he said.

Mrs Margaret Thatcher, the Prime Minister, insisted that the closure was necessary if BL was to remain competitive. She pointed out that UK taxpayers had contributed "some £1bn ($1.39bn) in the last few years" to BL. The closure was "due to the lack of markets, not to a lack of investment or support from the British taxpayer."

Labour politicians promised a vigorous campaign to save Bathgate. Mr Donald Dewar, the Shadow Scottish Secretary, said last night closure was a desperate blow to the Scottish economy.

The plant, with British Steel's Ravenscraig works and the Scott Lithgow shipyard on the Lower Clyde, have been three of the main rallying points for the labour movement in Scotland in the past two years as it has tried to prevent further job cuts.

Last night the majority of the Bathgate workforce began a sit-in. Mr Jimmy Swan, the factory's union convenor, said no work would be done today until local union officials reported back on a meeting with the Leyland management.

Mr Gavin Laird, general secretary of the Amalgamated Union of Engineering Workers, said: "If plant or equipment is removed from Bathgate to other plants, our instructions to members will be not to touch it."

Details, Page 13; Editorial comment, Page 18.

Price Waterhouse partner charged

BY DAVID DODWELL IN HONG KONG

A PARTNER and senior employee of Price Waterhouse, the international accountancy firm with headquarters in the UK, were yesterday charged in Hong Kong's Western magistrates' Court with conspiracy to defraud shareholders of Carrian Investments Ltd, the property and shipping group put into liquidation in October last year with debts estimated at HK$ 10bn ($1.28bn).

Mr Tom Clydesdale, senior partner of Price Waterhouse in Hong Kong, said yesterday that the allegations had "come as a complete shock to the entire firm. We have seen no evidence that would give rise to the allegations made."

Charged with Mr David Begg, a partner in the company, and Mr Anthony Lo, described as a senior employee, were Mr George Tan and Mr Bentley Ho, former directors of Carrian Investment. On separate charges of conspiracy to defraud Carrian shareholders were Mr Richard Wallis, a solicitor in Deacons, one of Hong Kong's leading legal firms, and again Mr Tan and Mr Ho.

Warrants are to be issued for the arrest of two further Deacons solicitors, Mr Maurice Wong, who is understood to be in California, and Mr Simon Pun, who is understood to be in Australia, the prosecuting counsel said.

Also named in charges was Mr George Wimbush, joint senior partner in Deacons, who was found dead in his swimming pool a month ago with a concrete manhole cover tied to his neck with a nylon rope. An inquest was last weekend ordered into the death of Mr Wimbush.

The Carrian group, whose main interest were in shipping and property, collapsed late in 1982 when property prices crashed in the colony. For almost a year, creditors tried in vain to arrange a rescue.

When the company was put into liquidation in October last year it is understood that debts attributable to the group, including those controlled privately by Mr Tan, amounted to more than HK$10bn.

Mr Tan and Mr Ho who were arrested in October last year, were later released on bail of HK$50m in the case of Mr Tan, the highest bail ever demanded in Hong Kong, and HK$500,000 in the case of Mr Ho. Mr Begg and Mr Lo from Price Waterhouse, togethar with Mr Wallis from Deacons, were yesterday released on bail of HK$100,000 each with sureties of HK$100,000.

Committal hearings for Mr Tan and Mr Ho are set for September 10, and the prosecution hopes the three professional men will appear for committal on the same date.

The charges against the two Price Waterhouse staff involve eight cases of conspiring to defraud shareholders "by false and misleading statements and by concealments as to the profits, liquidity and financial integrity of Carrian Investments."

The accused men are charged with failing to withdraw a public announcement that two Carrian subsidiaries had reached a new agreement on the Gammon House sale, creating and implementing a scheme designed to conceal the true nature of the "purported transaction," and causing or permitting unaudited group profits for the six months to September 30 1980 to be released including profits attributed to the sale of Gammon House.

French trade gap reaches FFr 17.37bn

Continued from Page 1

the challenges of export markets. However, he acknowledged that if this trend continued there would be need for "reflection."

M Delors also indicated yesterday that the French economy could grow by 2 per cent next year. Growth this year is expected to be about 1 per cent, similar to the 0.9 per cent growth of last year.

The latest batch of economic figures released yesterday are none the less disturbing for the Government. Their timing, coinciding with a number of painful restructuring decisions in key industrial sectors ranging from steel to motor cars could not be worse, since the Government has been anxious to show the first fruits of its economic austerity strategy.

The Government is also under increasing pressure to slacken its tight reins on the economy in the face of growing unemployment. To avert a major labour clash in the motor industry, the Government has refused to allow the private Citroën car company to go ahead with 2,000 compulsory redundancies. Instead, M Pierre Mauroy, the Prime Minister, has dragged out of a dusty cupboard the socialist programme for reducing the working week to 35 hours, which had been left to linger in the background in recent months.

M Mauroy has called a top level ministerial conference on the issue to be held on Friday. Industry leaders, however, have warned that a further reduction in the working week in France would undermine competitiveness. The latest trade figures should back their argument.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	15	59	Dubrovnik	S	21	70	Malaga	F	16	61	Salzburg	F	14	57
Akrotiri	S	26	79	Faro	F	18	64	Malta	C	22	72	Seoul	C	26	79
Algiers	F	21	70	Florence	C	18	64	Manila	C	33	91	Singapore	C	32	90
Amsterdam	C	13	55	Frankfurt	R	11	52	Miami	C	29	84	Stockholm	—	—	—
Athens	S	26	79	Funchal	R	16	61	Milan	—	—	—	Strasbourg	C	17	63
Bahrain	C	34	93	Geneva	R	16	61	Moscow	C	22	72	Sydney	C	18	64
Bangkok	C	35	95	Gibraltar	F	17	63	Munich	F	15	59	Taipei	C	26	79
Barcelona	F	15	59	Guernsey	R	8	46	Nairobi	—	—	—	Tangier	—	—	—
Beirut	C	24	75	Helsinki	C	24	75	Naples	S	20	68	Tehran	—	—	—
Belgrade	F	23	73	H Kong	C	24	75	New Delhi	C	43	109	Tel Aviv	S	30	86
Berlin	C	14	57	Innsbruck	F	15	59	New York	R	26	79	Tenerife	C	20	68
Biarritz	C	11	52	Inverness	C	12	54	Nice	F	16	61	Tokyo	C	20	68
Blackpool	F	17	63	Istanbul	S	25	77	Oporto	F	15	59	Toronto	C	17	63
Bordeaux	T	12	54	Jersey	R	8	46	Oslo	S	24	75	Tunis	S	31	88
Brussels	F	12	54	Jo'burg	C	19	66	Paris	F	13	55	Valencia	F	17	63
Budapest	F	18	64	Las Palmas	F	21	70	Prague	F	13	55	Venice	F	18	64
B. Aires	R	19	66	Lima	C	22	72	Reykjavik	C	8	46	Vienna	R	15	59
Cairo	C	38	100	Lisbon	C	12	54	Rio de J'o	C	32	90	Warsaw	R	14	57
Cape Town	—	—	—	Locarno	T	8	46	Rome	C	19	66	Zurich	S	16	61
Caracas	C	28	82	London	R	12	54								
Casablanca	—	—	—	Los Angeles	C	26	79								
Copenhagen	S	19	66	Luxembourg	C	13	55								
Corfu	—	—	—	Madrid	C	11	52								
Dublin	R	11	52	Majorca	S	20	68								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Phibro considers sale

Continued from Page 1

group turnover varies according to the state of the market. After oil, the group's main trading activity is in precious metals, base metals and minerals, but in recent years it has diversified into a whole range of basic raw materials from sugar, cocoa, rubber to grains, fertilisers and other agricultural products.

The group's basic business is trading physical (that is the actual) commodities, backed up with substantial "hedging" activity on the futures and financial markets. It has offices throughout the world.

No detailed profit figures for Phibro are published, but they are understood to be well over $100m.

Phibro has suffered setbacks in recent years, especially from the growth of its biggest direct rival, the Marc Rich group, which was started by former Phibro employees and operates in virtually the same areas.

The merger with Salomon has not been a happy story, with great rivalry between the two companies.

"It's only after you marry a wife that you find the blemishes" was the laconic comment on the proposed demerger by one Phibro employee in London, who claimed that the news came as no surprise. Another, however, described the news as "a bolt from the blue."

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday May 23 1984

Deere up despite lack of demand

By Clive Wolman in New York

DEERE, the world's largest manufacturer of farm equipment, based in Illinois, confirmed in its second quarter results yesterday that although it has pulled through the recession with a greater market share, demand for farm equipment in North America has remained weak.

The company reported net income of $39.3m, or 58 cents per share in the quarter to April 30, compared with a net loss of $11.3m in the same period last year. For the half-year there was a profit of $41.3m against a loss of $39.8m. Sales in the quarter at $1.2bn were up 23 per cent on 1983.

Production in the first two quarters was only 15 per cent higher than in the previous year, however, reflecting an effort to reduce dealers' inventories of equipment. this has meant a low level of utilisation of capacity which depressed profits, according to chairman Mr Robert Hanson.

Reductions in the company's own stocks, valued on a last-in-first-out basis, boosted net income in the second quarter by $8.2m, an effect which is unlikely to persist for the rest of the year.

The U.S. economic recovery led to a 96 per cent increase in the sales of industrial equipment to $253m for the quarter.

Penney first quarter profit improves 18%

By Our New York Staff

J. C. PENNEY, the second largest general retailer in the U.S., yesterday reported an 18.6 per cent rise in net income in the first quarter to April 28 to $69m from $58m a year earlier.

Sales rose by 17 per cent to $2.48bn and gross margins improved as a result of the greater emphasis being given to non-fashion children's clothing, home furnishings and other soft goods.

Advance for Kredietbank

By Paul Cheeseright in Brussels

KREDIETBANK, the third largest Belgian bank and the flagship of Flemish business, has resumed profits and dividends growth after three difficult years.

Net profits climbed to BFr 1.9bn ($33.8m) in the year to last March compared with BFr 1.7bn the previous year and BFr 1.76bn in the two years before.

The net dividend, despite an increase in the withholding tax to 25 from 20 per cent, was posted at BFr 387 against BFr 365 in the three preceding years.

Brazilian authorities wind up two more home loan groups

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN central bank has ordered the compulsory winding up of two medium-sized financial groups, Haspa and Letra, closely linked to the troubled housing finance sector. The two institutions have liabilities estimated at over Cr 1,000bn (U.S. $655m).

The closing down of Haspa and Letra – two of the best known names in the sector, with 231 branches in the densely populated south east of Brazil – brings to four the number of major mortgage lenders disolved over the past six weeks.

The decision to intervene was made at the request of the Banco Nacional de Habitacao (BNH), the federal government-run controlling body for the housing finance sector, which is owed the equivalent of $460m by the two groups.

Sr Nelson da Matta, the BNH president, said yesterday that the Haspa and Letra closedowns marked the end of the current clean-up operations in the Brazilian savings and loans system.

"There was no sense in persisting with the agony," he commented, referring to the failure to find interested buyers for the two groups, whose liquidity problems had been well known for weeks in banking circles.

Bankers said yesterday that Haspa and Letra's positions in the highly nervous personal savings market had been aggravated by the recent forced closures of two other well-known institutions, Continental and Economisa.

The risk to the 20-year-old housing finance system in Brazil has been growing since the middle of last year, when the Government bowed to popular pressures and limited mortgage adjustments to 80 per cent of the inflation index.

RTD problems bring warning on 'repos'

BY TERRY BYLAND IN NEW YORK

RTD Securities, the small federal bond trading house which this week filed for bankruptcy protection under Chapter 11 of the U.S. bankruptcy code, has asked for court permission to sell off the bulk of its assets in order to meet its obligations to clients, several of whom are New York State school districts.

The trading firm wants to sell more than $5m in securities held as collateral for nearly $7m in repurchase investments by the school districts and other clients.

The New York State Comptroller's office yesterday warned local school treasurers against investing in repurchase agreements, which also featured in the similar Chapter 11 filing earlier this month of Lion Capital Group.

State school districts are believed to have invested with both Lion and RTD Securities in repurchase agreements, or "repos", under which cash is lent to a securities firm on the collateral of federal securities. Repos have become a subject of concern in Wall Street because of legal uncertainty over ownership of the underlying securities.

Limited abandons Carter Hawley bid

By Terry Byland in New York

THE LIMITED, the Ohio-based retailer, is dropping its $1.3bn bid for Carter Hawley Hale, but is not abandoning hope of an eventual successful takeover of its much larger department store rival. Mr Leslie Wexner, chairman of Limited, said that the group might sell the 700,000 Carter shares it holds but will be waiting for more events to unfold. He disclosed that Limited was actively considering other acquisition prospects.

Limited is withdrawing its latest offer of a $35 a share for Los Angeles-based Carter Hawley without buying the 3.1m shares tendered, and hopes that either a proxy flight or a lower bid will be possible at a future date.

The actions by the Carter Hawley board to fight off the unfriendly bid by buying back nearly half the Carter Hawley equity has been challenged both by the Securities and Exchange Commission (SEC) and by the New York Stock Exchange.

Further setback for U.S. utility

By Our New York Staff

PUBLIC Service New Hampshire, the financially-troubled U.S. power utility, is trying to stave off yet another cash crisis after Prulease, a financial leasing organisation, demanded immediate repayment of a $50m loan.

The utility has told Prulease that it was unable to meet the claim,

It is seeking to raise $135m in short-term notes as part of the rescue package organised last week by Merrill Lynch Capital Markets, the Wall Street securities house.

LOW-COST ELECTRICITY IS A VITAL PART OF THE FRENCH CHEMICAL EQUATION

Elf's cheap-rate power struggle

BY PAUL BETTS IN PARIS

ELF AQUITAINE, the French state-controlled oil group, is campaigning assiduously to secure lower cost electricity from Electricité de France (EDF), the utility, for its large but heavily loss making chlorine operations.

The oil company has now drawn up a programme to renovate and restructure its chlorine operations, involving fresh investments of FFr 1bn ($116m). But M Rene Sautier, the head of Elf's chemicals and pharmaceutical businesses, warns that the company will go ahead with these substantial new investments only if it can secure electricity rates competitive with those of its main European rivals.

"Energy accounts for about a third of the costs in our chlorine production," M Sautier says. "If we do not get competitive power we would reconsider further development in this sector."

The chlorine operations currently lose FFr 300m a year and represent the Achilles' heel of the heavy chemicals and plastics businesses Elf took over last year as part of the reorganisation of the French chemicals industry. The chemical restructuring was at the centre of controversy last year, but has since moved out of the public limelight in view of the fierce disputes over the latest wave of restructuring in the French car, steel and coal industries.

These newly-acquired operations have been regrouped by Elf into a new subsidiary called Atochem. M Sautier said the chemicals activities, involving total annual sales of FFr 16.9bn, made overall operating losses of FFr 400m last year. However, including the provisions for the restructuring of the chemical operations taken over by Elf, the total deficit of Atochem last year amounts to FFr 1.2bn. The Elf group itself reported net earnings of FFr 3.7bn last year compared with FFr 3.5bn the year before.

M Sautier said he had given himself three years to return the chemical operations to profit by the end of 1986.

The restructuring programme which Elf has quietly put together involves fresh investments of between FFr 3bn and FFr 3.6bn over three years ("About FFr 1bn a year," remarks M Sautier), some 2,300 job cuts out of 12,800, and a number of plant closures.

Elf has now restructured the ethylene operations it aquired under the restructuring, including the closure of three steamcracking units. "We have reduced capacity by nearly 300,000 tonnes a year," M Sautier says.

Atochem's sales spread in 1983	
Heavy chemicals	52%
Mass-market plastics	32%
Fine chemicals	16%

After resolving Elf's problems in the ethylene sector, M Sautier has been addressing the chlorine problem by campaigning for lower cost power from EDF. The chlorine business accounts for about a quarter of Atochem's annual sales of FFr 16.9bn.

But EDF is clearly worried about negotiating lower cost long term electricity contracts with major French industrial users. It has already agreed reluctantly to such a contract with Pechiney, the nationalised aluminium group, and Pechiney is now attempting to negotiate a second contract for additional lower cost energy.

"We are not asking for a subsidy," claims M Sautier, adding that if France wants to retain a chlorine industry it must make it competitive with other European producers. Moreover, M Sautier suggests that France should make use of its large excess nuclear power capacity to serve its domestic industries. "We are one of EDF's largest customers for industrial power, accounting for about 5 per cent of their industrial electricity sales."

Although Elf's entry into the heavy chemicals business has been eased by the recovery in plastic prices, M Sautier believes the current recovery is only a pause. "The difficulties are still out there," he warns.

M Sautier says the main problem is one of continuing over-capacity in the market. "We have done our bit in reducing capacity but not everyone in Europe has done the same," he claims. It is essentially only through Europe-wide rationalisation of capacity that long-term stability can be achieved in the market, he argues.

To this end, M Sautier is pressing for bilateral and multilateral negotiations among European chemicals producers. But he acknowledges that it is a long process.

ITT plans to double spending in Europe

BY JASON CRISP IN LONDON

ITT, the U.S. conglomerate, is to spend $4.8bn in Europe on research, development and capital spending over the next five years. The figure is about 50 per cent higher than in the previous five years, after taking into account currency changes and divestitures, ITT says.

The research and development programme will concentrate on telecommunications. Total investment in R and D over the five-year period will be $3.1bn, of which $2.6bn will be in telecommunications and electronics.

Mr Rand Araskog, president and chief executive of ITT, commented: "ITT earns almost half its operating income in Europe, the home of many of our finest technologies. These forward expenditure plans confirm that Europe will continue to figure predominantly in ITT's future."

Last year ITT had a net income of $675m on sales and revenues of $20.2bn. In the past five years the company spent $5bn worldwide on R and D. The $3.1bn planned to be spent on R and D in Europe in the coming five years is expected to be half ITT's worldwide R and D budget.

About 15 per cent of the R and D budget is to be spent on long-range advanced technology. This will be carried out at ITT's five research centres in Belgium, West Germany, Italy, Norway and Spain, and also at Standard Telephones and Cables in the UK, in which ITT has a 35 per cent stake.

ITT is to concentrate on a number of key technologies, including very large scale integration (VLSI) microchips, fibre optics and computer software. More specific product development plans include business information and communication systems, the further development of System 12, the digital public telephone exchange, anti-skid braking systems, and undersea power cables.

ITT has already spent at least $1bn developing System 12, its advanced digital public telephone exchange, in Europe. Its major telecommunications activities will continue to be centred in Europe, although the company is now increasingly moving into the U.S. market as a result of the deregulation of telecommunications there.

The company said European capital investment will account for about 30 per cent of its total investment.

Lower costs will aid Roche

BY JOHN WICKS IN BASLE

THE ROCHE chemical and pharmaceutical group should at least reach a 4.4 per cent return-on-sales level during the current financial year, according to Mr Fritz Gerber, the company's chairman.

He said turnover growth, the eradication of certain lossmaking operations and the continuation of corporate restructuring programmes gave hope that last year's return-on-sales ratio would be at least matched.

Last year the group's net income rose 16.8 per cent to SwFr 328.4m ($145.3m) following a sales growth of 5.7 per cent to SwFr 7.51bn. The combined dividend of the Swiss parent company, F Hoffmann-La Roche, and its Canadian holding subsidiary, Sapac, was increased from SwFr 1,150 to SwFr 1,200 per share.

In the first quarter of 1984, consolidated sales have increased 9.4 per cent to SwFr 2.04bn, compared with 19.7 per cent in the corresponding period last year. Mr Gerber said the growth rate for the year would probably be rather lower than that for the first quarter.

Nevertheless, he said that capital expenditure for this year would be around SwFr 600m. Since Roche normally sets aside about 7 per cent of turnover for investments, this seems to indicate that 1984 sales are expected to be substantially higher than SwFr 6bn. As return-on-sales is seen as at least reaching 4.4 per cent, net group earnings could therefore be well above SwFr 350m this year.

Mr Gerber said no major takeovers were planned in the near future. The group would continue to concentrate its efforts on expanding existing operations, with "rounding-off" acquisitions where suitable opportunities occurred.

A decision is to be taken by the end of the year on whether Roche's "mothballed" chemical plant in Freeport, Texas, is to be reopened.

Mr Gerber said that the 1976 incident at the Seveso plant of the Italian group subsidiary, Icmesa, which resulted in large-scale dioxdne contamination, had cost the group some SwFr 290m. The final cost, would be about SwFr 300m, be added.

Icmesa has now reached an out-of-court settlement with Mannesmann Italiana, which was responsible for the disposal of the contaminated Seveso waste – more than 40 canisters of this waste were subsequently the subject of a Europe-wide search before being found behind a butcher's shop in the north of France.

Mannesmann Italiana is to refund the sum paid by Icmesa under the 1982 disposal contract, as well as assuming SwFr 2.5m of the SwFr 3m costs later incurred by Icmesa. Later this year, the polluted waste will be incinerated at the Ciba-Geigy plant in Basle.

Beatrice Foods set to bid for Esmark

By Our New York Staff

BEATRICE Foods, the U.S. based multinational food and consumer product group, plans to offer $56 a share in cash for Esmark, the Chicago-based consumer goods and industrial products group in a deal worth a total of $2.5bn. A combination of the two companies would create a food and consumer products company with annual sales of over $13bn.

The Beatrice offer, if formally tabled, will top a $55-a-share bid worth $2.29bn in cash made earlier this month by Kohlberg, Kravis, Roberts (KKR), the New York investment group, which had proposed a leveraged buyout of the company by a group of investors including Esmark's senior management.

The KKR offer, which has been accepted by Esmark, ranked as the largest ever proposed leveraged buyout and had been widely expected to trigger other bids.

Dutch pension fund

In our May 9 report on the expected bid of PGGM, the Netherland's top pension fund, for Wereldhave it was incorrectly stated that PGGM's property division had been the subject of unproven malpractice allegations and that the division's head and director of investments had been dismissed. Those remarks in fact applied to an entirely separate fund which has nothing to do with PGGM. The Financial Times very much regrets any embarrassment caused by the error.

INTL. COMPANIES & FINANCE

NEC plans to build fourth U.S. plant

By Robert Cottrell in Tokyo

NEC, Japan's largest electronics manufacturer, plans to build its fourth U.S. production plant at Hillsboro, Oregon, the company announced yesterday.

It will invest U.S.$64m over five years to construct the plant, which will manufacture and assemble equipment for fibre optic and radio communications. It will eventually employ a workforce of 500, and is forecast to have sales of Y40bn ($172m) in its fifth year of operation.

Construction work at Hillsboro is due to begin in August this year, for start-up in October 1985. The Oregon facility will be owned by NEC America, a wholly-owned subsidiary of the Tokyo-based NEC Corporation. NEC America's three existing plants, at Los Angeles, Washington, and Dallas, mainly manufacture key telephones and electronic telephone switching equipment.

Dr Ko Muroga, president of NEC America, said yesterday that NEC "is firmly committed to manufacturing products as close to our markets as possible," and that the Oregon plant might be expanded beyond currently planned levels.

Mr Vic Atiyeh, governor of Oregon, said that, while Oregon currently has a worldwide unitary tax structure, he would be seeking the repeal of that system in Oregon's state legislature. Governor Atiyeh also said that the state's unitary tax "does not necessarily affect local subsidiaries of large corporations."

Fanuc beats recession with 40% rise in sales

BY YOKO SHIBATA IN TOKYO

FANUC, Japan's leading manufacturer of machine tool and robots, which was upgraded to the first section of the Tokyo Stock Exchanges last September boosted parent company net profits by 25 per cent to Y19.54bn ($84m) in the year to March.

Pre-tax profits were Y43.81bn, up 47.3 per cent, and sales reached Y115.42bn, a rise of 40 per cent. Net profits per share on increased capital were Y232.48, against Y240.52 and the dividend total is held at Y13 a share.

Despite the effects of the recession on the Japanese machine tool industry, Fanic lifted sales of its numerical control (NC) systems, by 35 per cent to account for 81 per cent of the total. This was due to vigorous demand for small sized NC systems from makers of VTRs and office automation equipment.

Sales in the NC machine tool end robots sector jumped by 63 per cent to account for 19 per of the total.

Exports advanced by 50.7 per cent to account for 36.4 per cent of turnover, with direct exports up 80.8 per cent and indirect exports (Fanuc NC systems incorporated in other manufacturers products), up 12.8 per cent. The strength of exports is attributed to the company's suply of robots to its new joint venture with General Motors of the U.S., "GM-Fanuc Robotics."

Fanuc expects improved domestic demand in the current year following the economic upturn, but also increased competition from U.S. machine tool manufacturers. The company is reinforcing its production capacity by constructing two new plants to be completed by September.

Production of NC system was lifted to full capacity of 4,000 a month in 1983-84 from 3,000 in the previous year, but robot production is slowing to 150-200 units a month, after hitting a peak of 250 units last December, because of intensified price cutting competition in the domestic market.

Heavy depreciation costs resulting from continued heavy capital investment is expected to limit earnings gains but net profits are projected at a record Y21bn, up 7 per cent, recurring profits at Y45.4bn, also up 7 per cent, and sales of Y128.5bn, up 19 per cent.

Drought reduces margins at Premier

By Jim Jones in Johannesburg

ECONOMIC RECESSION and the worst drought in memory led to narrower profit margins for Premier, South Africa's largest food group, in the year to March. Turnover increased by 19.4 per cent to R2.05bn ($1.6bn), but trading profit rose by only 12.7 per cent to R137m.

Mr Tony Bloom, the chairman, said purchasing power of black consumers had been hard hit in rural areas where there is widespread unemployment, malnutrition and hardship.

Apart from the poultry division, all major food divisions increased profits by concentrating on operating efficiencies and productivity, but there was lower demand for maize meal and reductions in the margins allowed to milling and baking companies.

Mr Bloom expects the current year to be at least as difficult, as the problems of drought, recession and high interest rates have still to be resolved. Nevertheless preliminary targets are for a 10 per cent increase in earnings per share.

A dividend total of 86 cents, against 68 cents, has been declared for 1983-84 from earnings of 214.5 cents a share compared with 206.5 cents.

Mr Bloom says that the company's dividend cover target has been reduced from three times to 2.5 times as a result of enhanced balance sheet strength following the acquisition of a 36 per cent interest in South African Breweries.

Ricoh's marketing strategy pays

BY OUR TOKYO STAFF

RICOH, the Japanese manufacturer of copiers and office automation equipment, has reported a 94 per cent rise in unconsolidated net profits to Y12.13bn ($51.9m) for the year ended March 31.

Bouyant earnings were the result of the company's efforts to expand sales of its products under its own name abroad along with an expansion of sales networks in the U.S. and vigorous demand for office automation equipment.

Ricoh's pre-tax profits rose by 44.8 per cent to Y26.31bn on sales of Y389bn, up 19.2 per cent from the previous year. Net profits per share advanced to Y33.76, from Y17.62.

During the year sales of plain paper copiers rose by 19.3 per cent to account for 56.4 per cent of turnover, supported by strong sales overseas.

Sales of information equipment such as facsimile and word processors rose by 24 per cent to account for 20.3 per cent of the total. Camera sales accounted for only 4.1 per cent of the total sales, but rose by 45.3 per cent. Exports advanced by 24 per cent to account for 31.4 per cent of turnover.

In the current year, the company expects continuing strong demand for office automation equipment. However, intensified sales competition and a higher depreciation burden resulting from heavy capital investments and research and development expenditures will limit gains. Pre-tax profits are projected at Y28bn, up by 6.4 per cent, and net profits at Y13bn, up by 7.1 per cent. Sales of Y450bn, up 38 per cent, are forecast.

Nakasone bond interest to be tax free for foreigners

TOKYO — The Japanese Cabinet has decided to exempt from withholding tax interest payments to non-residents on foregin-currency denominated national bonds, known as Nakasone bonds, the Ministry of Finance said.

The Cabinet decision, which follows parliamentary approval of a Government bill enabling the flotation of the bonds, specifies that residents are not exempt from the tax. Under Japanese tax law interest payments to residents are generally subject to a 20 per cent withholding tax.

The Government has not decided when it will start placing the bonds, which are named after Yasuhiro Nakasone, the Prime Minister.

The flotation of Nakasone bonds was part of an agreement between Japan and the U.S. made last November on ways to internationalise the yen.
Reuter

United Estates Projects clinches reclamation deal

BY WONG SULONG IN KUALA LUMPUR

UNITED ESTATES Projects (UEP), a major Malaysian property group under Daim Zainuddin, the influential Malay politician and entrepreneur, has concluded yet another big deal.

This time, it is reclaiming 80 acres of land for commercial development on the seafront of Malacca Town, 150 miles south of Kuala Lumpur.

UEP, which is the exclusive developer of Subang Jaya Town outside the Malaysian capital, said it will return 12.4 acres of the reclaimed land to the Malacca State government, retaining the balance for itself. It will also pay the state government a sum of 15m ringgit (U.S.$6.5m) for its rights.

The land reclamation is expected to take two years, and UEP described the deal as "an excellent opportunity" to take part in the rapid expansion in the town. Earlier this month, UEP said it was going into partnership with Consolidated Plantations to develop 1,700 acres of estates into a new township next to Subang Jaya.

UEP has also bought a 36 per cent stake in Shaw Brothers Malaysia for 50.4m ringgitt.

Liptons India buys Hindustan Lever assets

By R. C. Murthy in Bombay

HINDUSTAN LEVER, a Unilever subsidiary, has sold its vegetable fats, dairy and animal feeds businesses to Calcutta-based Liptons India. The Indian government has approved the transfer of these assets with a sales turnover of Rs 1bn ($91m) a year to Liptons and the formalities are due to be completed this month.

The changes are significant for the future growth of the two companies. These three divisions have no scope for growth with Hindustan Lever, which as a foreign company is allowed to expand and grow only in areas assigned as priority ones by the Government. Vegetable fats, dairy and animal feeds are low priority industries.

However, Liptons, an Indian company with a less than 40 per cent Unilever equity stake, does not suffer any such restrictions and can seek expansion in any area.

Turnover at Hindustan Lever, India's largest company by sales, just crossed the Rs 5bn mark in 1983. The 9.62 per cent increase in sales over the previous year came despite the transfer of the three divisions to Liptons India in October 1983.

Profits before tax last year were Rs 422.2m. The lower pre-tax profits were because of special depreciation provision for energy saving devices.

LKAB aims to resume 'home base' mine role for Europe's steel mills

BY DAVID BROWN, RECENTLY IN KIRUNA

FOR LKAB, the state-owned Swedish mining company perched in the remote northern town of Kiruna, recent word of a SKr 3bn ($370m) long-term ore contract was like a kiss of sun after the long Arctic winter.

The contract—to provide an annual 2m tonnes of iron ore to Peine-Salzgitter of West Germany—comes as the group is tremulously emerging from a painful ordeal of declining market shares and mounting losses.

In the six years from 1977 to 1982, the group suffered losses totalling about SKr 2bn. Finally, last year, helped by a Government restructuring package, it achieved a turnround. Pre-tax profits were SKr 265m, and sales advanced almost 30 per cent to SKr 2bn. The final SKr 1bn instalment of Government aid—in a total of SKr 4.5bn since 1978—cut the company'a debt burden, and allowed it to avert a loss of some SKr 200m.

Now, LKAB is ready to go it alone. "The Government has closed the door on subsidies," says Mr Wiking Sjöstrand, the managing director. "We can't go back. But then, my judgment is that It won't be necessary."

Tba group is in good trim after a series of painful cuts in capacity. Starting late in 1981 and continuing through this year a total of some 2,600 workers or 35 per cent of the labour force will have been laid off.

During the four years 1979 to 1982, deliveries nf iron ore declined from abont 27m tonnes to 13m, coinciding with the general economic downturn in the industrialised world.

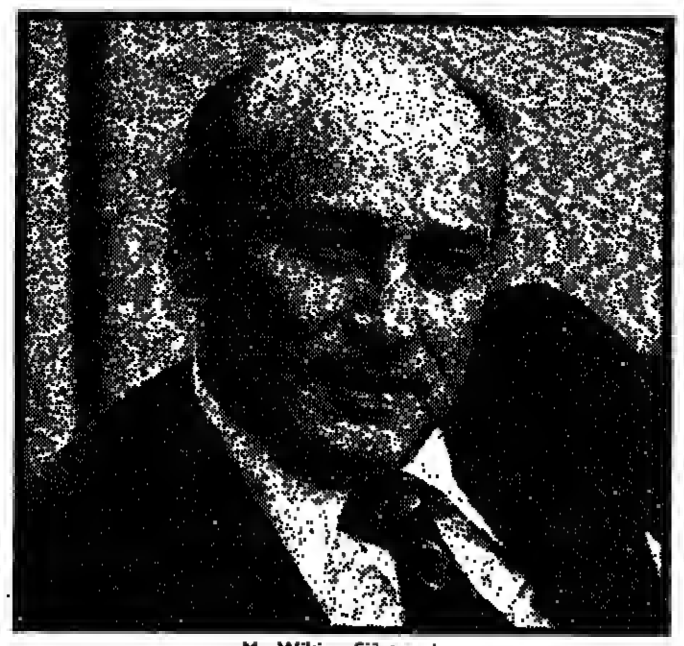
Helped by better market shares following the late-1982 Swedish krona devaluation of 16 per cent, the high exchange rate of the U.S. dollar and a gradual economic upswing in most of its major markets, LKAB increased dellveries to 15m tonnes or about 14 per cent of the European Economic Community total last year.

This is a far cry from the 60 per cent to 70 per cent market share it boasted in this market in the 1950s and 1960s. In view of the growing competition and the long-term ontlook for community steelmakers, however, Mr Sjöstrand sees a level of between 15m and 18m tonnes as "acceptable."

Total EEC steel prodnction has declined, from some 155m tonnes in 1974 to 110m last year. "In the long term, we should not count on much more than 100m tonnes," he says.

With a view to increasing its European market share, the company has rationalised and strengthened its marketing arm—with the latest German order the most notable success. "We must remain a major European mine," said Mr Sjöstrand.

To meet the demand by steel producers for savings at their



Mr Wiking Sjöstrand

blast furnace operations, LKAB has made important strides in improving the quality of its raw ores, by significantly cutting phosphorous and alkali levels. "We are now down to a level where we can compete with the best ores."

The German order is particularly important because a big part of the first-year deliveries will be in high-phosphorous ores—which now make np only 5m tonnes, or 30 per cent, of LKAB's total 15m tonnes annual production (down from 60 per cent of the total a decade ago).

The contract also calls for 1m tonnes of pellets to be delivered in the first year, and the management has decided to re-open one of its pelletising plants to expand capacity by 50 per cent to an annnal 9m tonnes.

With the European demand for pellets currently running at high levels, LKAB bas had success with a new "Olivine" product which company engineers say have superior melting and softening properties. Sales of this grade have advanced from 2.2m tonnes a year in 1982 to 4.2m tonnes.

A major new development on the cost side of this year's equatinn is a re-negotiated freight agreement with the national railway, which hauls LKAB ores through the Arctic to Narvik in Norway and to Lulea on the Baltic. It will save the company SKr 350m a year. "The old agreement meant our ton/mile freight costs were eight times the level of our competitors. Now they are down to double," Mr Sjöstrand remarks.

The company has also completed a longer-term feasibility study on introdncing two self-unloading vessels on the sea route from Narvik to the Continent. Self-unloading ships could cut the down-time at port by a third. As freight costs climb with the economic upturn, a shorter and cheaper sea voyage from Scandinavia to EEC markets could mean a significant price advantage over the North American, Brazilian, South African and Australian competition, LKAB reckons.

Whether it could find financing for the project is another question. "The problem is to guarantee the ships will have work to do," says the managing director. The long-term contract with the Germans will improve the chances of floating a transport venture to finance the two $50m vessels, as would others like it.

A more sensitive long-term issue is the matter of a public share offering. LKAB will need some SKr 1.5bn 1o deepen its msjor underground mine as current veins are depleted towards the end of the decade.

In a major ideological shift, the Government has already given the green light to a limited public sbare offering for PKBanken, the Swedish commercial bank, in whicb the Government retains a majority stake. While the atmosphere for limited public introductions bas improved, state companies foresee slow progress.

In the short-term, the company still faces the difficult test of maintaining competitive strength. It is presently in the midst of a tense negotiation with the mining union over a 1984 pay contract. Miners, sensing an upturn, are bitterly opposed to the moderate productivity-linked pay scale the management is attempting to push through.

To consolidate its position, it will have to win further long-term contracts as protection against a sharp downward movement of the dollar exchange rate or major price cuts by its competitors, either of which could dramatically shift its fortunes.

LKAB is also on a fast-track programme to achieve a higher margin of qnality in its ores. Brazilian competition will come oo-stream starting next year with extremely pure grades.

The international mining pattern has changed dramatically since the 1940s. Then, LKAB's mine in Kiruna played such a part in European iron-ore supplies as to be a factor in Hitler's decision to invade Norway and secure control of the Narvik terminal. Even so: "Our situation hasn't been better for years," says Mr Sjöstrand. "We now intend to resume our role as the 'home base' mine for Europe's steel mills."

UK COMPANY NEWS

Sainsbury profits expand by 29% to £130m—pays 7.5p

FOLLOWING a rise from a restated £48.8m to £62.5m after 28 weeks, pre-tax profits of J. Sainsbury, supermarket operators, expanded by 29.1 per cent to £130m for the year ended March 24 1984, against an annualised £100.7m—the previous period was of 56 weeks.

Including VAT of £113.7m (£93.1m), sales for the full period advanced by £372.7m to £2.69bn, an increase of 16.1 per cent. Retail profits amounted to £132.1m (£101.9m) and margins rose to 4.91 per cent (4.4 per cent).

Pre-tax result included associates share of profits of £6m, compared with £5.4m, and was after £8.1m (£6.6m) of profit sharing. Tax charge was up from £27.4m to £41m after which earnings per 25p share were 18.86p, against a previous 14.2p.

The directors say the effect of the future corporation tax changes will be broadly neutral, once they have all been implemented.

The final dividend is stepped up from 3.95p to 5.1p taking the total distribution to 7.5p, compared with 5.85p, a rise of 28.2 per cent. Also proposed is a one-for-one scrip issue.

The dividend will absorb £25.9m (£20m), leaving a retained balance up from £53.2m to £62.7m.

Sir John Sainsbury, chairman, says that the group's progress would not have been possible but for the investment in larger supermarkets which has increased the average store size by 50 per cent in the last 10 years. He points out that over this period the volume of goods the group sells has more than doubled, Sainsbury now serving some 6m customers every week.

"Larger stores mean more choice, more comfort, more convenience for the customer and the opportunity to raise productivity and contain operating costs," Sir John states.

The investment programme for the 1983-84 year, which the chairman points out created a further 5,200 new jobs, totalled £181m and exceeded that of any other retailer in the country. Some capital expenditure of £200m is forecast for the current year.

He adds that the group's 15 new supermarkets have a total sales area of 383,000 sq ft, "which is the largest sales area opened in any one year." A further 15 stores will open this year, the chairman says.

Despite the considerable growth of the total sales area, the group's exceptionally high sales per square foot have been maintained in real terms. As a consequence, store occupancy costs, when related to sales, have been held "at a most advantageous level."

Sir John comments that a tight control of costs and improved efficiency "again made it possible to hold strongly competitive prices and in turn led to the volume gains and the improved trading results."

Sir John Sainsbury, chairman, who yesterday revealed a 29.1 per cent profit increase to £130m

In the past year the group has provided considerably more assistance at the checkout, which directors believe has been much appreciated. The high cost incurred, he feels, has been fully justified by the customer reaction to improved service.

SavaCentre had another good year with profits up 18 per cent to £4.4m (£3.7m) on the back of an 11 per cent sales increase. A sixth SavaCentre will open in Edinburgh in October, "the first time that Sainsbury's products will have been sold in Scotland."

Homebase has traded strongly and, with seven new stores in the year, now has 14 open, Sir John states.

The group's collaboration with Shaw's, the privately-owned American supermarket chain, of which Sainsbury acquired 21 per cent last November, "has already proved of benefit to both companies."

On a current cost basis the pre-tax figure for the year is reduced to £117.3m, compared with £91.7m.

	1983-84 £m	1982-83 £m
Sales†	2,688.5	2,315.6
Retail profit	132.1	101.9
Associates share	6.0	5.4
Making	138.1	107.3
Profit sharing	8.1	6.6
Pre-tax profit	130.0	100.7
Tax	41.0	27.4

† Including VAT of £113.7m (£93.1m).

See Lex

Fidelity well below forecast at £1.31m

AS EXPECTED, technical and production difficulties at Fidelity depressed pre-tax profits to £1.31m against a forecast of £2.2m, for the year to the end of March 1984. Although the results are an improvement on the previous year's £80,000 and continue to consolidate group recovery, the directors say they are disappointed.

However, they point out that the difficulties have been overcome and production of cordless telephones and colour televisions is going according to plan.

The net final dividend has been recommended at 2p net which gives a total of 3p against a single payment last year of 0.1p. Earnings per 10p share are shown to have risen from 1p to 11p.

Turnover of this manufacturer of televisions, stereo units, record players and tape recorders came to £41.08m compared with £33.39m.

The shortfall in expected profits was due to difficulties encountered with the introduction of a new chassis used throughout the range of colour televisions. In addition, unexpected delays were experienced with the test specification for the cordless telephones which had to be resolved before the production could continue.

As a result, approximately one third of the planned production of cordless telephones will not be completed before September this year.

The company's second contract with British Telecom is proceeding well, say the directors, and sales for cordless telephones continue to be satisfactory. Market conditions for consumer electronics have been difficult since the new year, but the level of sales for products is satisfactory for this period which is traditionally the low season for trade.

The company has also introduced a fully integrated audio visual system — the AVS — which is believed to be the first of its kind on the market. The AVS consists of a colour TV and monitor, tuner, cassette and record player, all with remote control, and has been well received by both trade and public.

Tax for the 12 months came to £178,000 (credit £3,000) and dividends took £338,000 (£3,000) leaving retained profits up from £75,000 to £794,000.

After taking into account the net proceed of last summer's rights issue of £3.89m and the return to profitable trading the directors say that the overall balance-sheet is much improved. Shareholders' funds increased from £6.56m to £11.26m. Net current assets rose from £823,000 to £5.36m with bank overdrafts reduced from £2.82m to £890,000.

The directors feel that the company and the shareholders' interests will be better served by separating the functions of chairman and managing director and are seeking a suitable candidate for the position of chairman.

The directors have also decided to appoint a production director and this position should be filled in the near future. In November 1983, Mr Edward Storey was appointed to the board as sales director.

● comment

Given Fidelity's troubled history one does not like to carp, but missing a rights issue forecast by a margin of 40 per cent is a little extreme. Two separate technical foul-ups have coincided in a way which is worrying as well as unlucky. Problems with an integrated circuit affected the whole range of TVs, which accounted for 53 per cent of last year's turnover. As for cordless telephones (12 per cent of group sales), it was discovered, after several thousand had been sold to Telecom, that Fidelity's testing equipment was inadequate to meet Telecom's standards. All is now well, apparently, on both fronts; but with the market difficult at the moment, turnover in the first few weeks of the current year is only on a par with last year. Barring more technical hitches, the group might hit its £2.2m forecast a year late. That would put the shares—down 5p at 75p—on a prospective multiple of around seven, assuming let us say a 35 per cent tax charge.

Agricultural sale leaves Ranks Hovis £2.6m down

PROFITS before tax of Ranks Hovis McDougall declined from £25.93m to £23.29m for the half year ended March 31 1984, but the interim dividend is being increased from 1.524p to 1.6p net per 25p share.

The shortfall against the previous year arose from the disposal of the agricultural division because pre-interest profits here in 1982/83 of £4.87m were virtually all earned in the opening half.

The disposal (effective from September 3 1983) also accounted for a £237m fall in group turnover to £604.19m — the group has interests in cereals, bakeries (Mothers Pride) and groceries.

On the outlook Mr Peter Reynolds, the chairman, says the improvement in the results of British Bakeries continues although the industry is still suffering from severely competitive conditions.

He points out that there are signs that the group's U.S. companies have started to reverse the trend of last year but adds that "any improvement is unlikely to be significant this year."

Mr Reynolds tells shareholders that, as indicated in his review of the 1983 accounts, there has been a changed phasing of the group's profits and that the main benefit will be seen in the second six months.

He comments that while he remains confident for the future, it is too early to make a forecast for the full year.

During the half year trading results of British Bakeries improved and profits from the group's packaged cake business and its operations in the Far East showed continued progress.

HIGHLIGHTS

After a brief review of the stock market, which had one of its worst days this year, Lex comments on the figures from J. Sainsbury which show a 28 per cent increase in profits and record retailing margins for the year to March. RHM reported yesterday showing profits down from £25.9m to £23.3m due to the disposal of its agricultural division. The column then moves on to examine the results of ICL which has produced small profits for the year on the back of a successful rationalisation programme and balance sheet reshaping. But the company still awaits evidence of substantial gains at the operating level. Finally Lex comments on Whitbread's turnout which shows a useful jump in trading profits aided by a spate of recent acquisitions outside of brewing.

The flour milling division, despite falling short of the "exceptional" results of the previous year, enjoyed a satisfactory period of trading but the U.S. companies continued to suffer from severe competition.

Prior year disposals resulted in a significantly reduced level of interest payable (£3.24m against £7.04m) and of profits attributable to associated companies (£663,000, compared with £1.18m).

Tax for the half year took £5.9m (£6.8m) to leave net profits at £17.39m, compared with £19.13m.

After minorities, extraordinary debits of £2.68m (£5.43m) and preference dividend payments, profits attributable to ordinary shareholders emerged virtually unchanged at £13.64m, against £13.62m.

Earnings amounted to 5.8p (6.8p) per share.

Mr Reynolds says in cereals the flour milling business continues to benefit from its rolling programme of investment in highly-automated low production cost mills.

An investment of £7.3m to modernise and upgrade the Mothers Pride bakery at Greenford, serving the highly populated West London area, is the latest project in the group's plan to restore the bread-baking division to profitability.

The packaged grocery product business continues to make steady progress.

The chairman says the Mr Kipling range of packaged cakes maintains its "impressive lead" over all other cake brands.

The recent acquisition of Westbourne Caterers has almost doubled to 44 the number of fish and chip outlets in the Manor Caterers subsidiary and, in spite of the imposition of VAT on take-away food in the budget, Mr Reynolds is confident of the future gowth of this section of business.

In the U.S., new initiatives are planned to return group operations to higher levels of profitability.

See Lex

Northamber coming to the USM

Simon & Coates will be bringing another technology company, Northamber, to the Unlisted Securities Market in early June.

Northamber is a leading wholesaler of printers and other peripherals for microcomputers dealing with over 5,000 retailers and distributors. It deals in a limited range of high volume items and, according to Simon & Coates, has the most sophisticated credit control system for this market in the UK.

In the year to March 1984, Northamber made pre-tax profits of £748,000 up from £337,000 on sales of £9.58m up from £6.09m. Simon & Coates will be placing around 18 per cent of the equity at a price to give a P/E in the 20's.

Yearlings

The interest rate for this week's issue of local authority bonds is 10¼ per cent, unchanged from last week. The bonds are issued at par and are redeemable on May 29, 1985.

A full list of issues will be published in tomorrow's edition.

British Alcan's £50m turnround as overhead costs are reduced

BY PETER BRUCE

BRITISH ALCAN, the UK aluminium producer formed in late 1982 when Alcan UK took over the British Aluminium Company (BACO), reported its first full year profits yesterday. These register a sharp improvement with pre-tax profits of £22.1m for 1983 from a 1982 loss of £28.8m. Turnover rose £225.4m to £549.1m.

British Alcan's audited figures disguise an even more dramatic recovery, however, as the comparable 1982 accounts include only one month of the old BACO operations. Mr George Russell, British Alcan's managing director, said the overall pre-tax losses of the two companies, for the full 1982 financial year, amounted to £41m.

At £549.1m, combined 1983 turnover would represent little change over the individual performances of Alcan UK and BACO for the whole of 1982. The improved profits reflect, in part, a £45m reduction of overhead costs since the takeover.

The recovery is also due to a worldwide improvement in the aluminium markets in 1983. A number of major international producers moved back into profit last year after dramatic reverses in 1982. Alcoa, the largest U.S. producer, ended 1983 with net profits of $174m from just $10.8m in 1982.

Pechiney, the nationalised French producer, reported an operating profit last year of FFr 661m, against a loss of FFr 1.4bn the year before. Alusuisse, the major Swiss producer, expects to be back in profit this year after more than halving its net loss to SwFr 82m in 1983.

Net income at Alcan Aluminium, British Alcan's Canadian parent, also rose sharply last year, from a loss of $58m to a $73m profit. World-wide, production of primary aluminium rose from 10.4m tonnes to 10.8m tonnes.

Mr Russell said UK ingot prices had risen up to 40 per cent last year, with prices for its semi-finished downstream output rising some 25 per cent to 30 per cent. The company's biggest smelter, at Lynemouth in Northumbria, was operating at slightly above its rated capacity of 125,000 tonnes a year, and the smaller Lochaber smelter, one of two small former BACO works in the Highlands, was also running at full capacity.

Nevertheless, British Aluminium has been forced to buy in between 40,000 and 50,000 tonnes of ingot to meet increased demand. Mr Russell insisted, however, that there was no prospect of reopening the large smelter at Invergordon, in Scotland, shut

Mr Russell said both demand and prices had begun to level out. First quarter figures for 1984 would show, he believed, that last year's gains were being sustained. The company plans to double its £6.6m 1983 capital expenditure in both 1984 and 1985. Most new spending will concentrate on refurbishment.

British Alcan's priority, he said, would be to reduce its borrowings, which now stand at some £240m, by £100m in the next two years in order to trim its £22m interest bill, which rose slightly last year.

£15m for venture fund from Charterhouse Japhet

Charterhouse Japhet, the merchant banking arm of Charterhouse J. Rothschild, has raised £15m from UK pension funds for a new venture capital fund.

Called the Charterhouse Japhet Venture Fund, it will adopt a "high tech" stance with investments concentrated in the data and telecommunications, office and industrial process automation, the health care and bioscience and microprocessor applications sectors.

Both investment directors—Dr John Walker and Mr Ron Sheldon—have been recruited from 3i Ventures, the venture capital arm of the Investors In Industry Group. The two said yesterday that "the team will be expanded this year to include a new partner with broad-based electronics experience."

The fund will make equity investments primarily in UK companies. It will normally acquire a minority stake broadening companies' financial bases and, where appropriate, facilitating syndicated deals to spread the inherent risks.

A number of investments are at an advanced stage and some £2m is expected to be committed within the next two to three months.

Holden Hydroman set for Unlisted Market placing

SPECIALIST engineer Holden Hydroman is expected to make its debut on the Unlisted Securities Market on May 29.

Brokers Panmure Gordon are placing 1.055m 10p shares at 93p a share, giving the company a market capitalisation of £3.59m.

Holden employs 132 people at its factory in Bromyard, Herefordshire, in two principal lines of business—designing and making reinforced polyurethane parts for the motor industry, and making aluminium parts mainly for the telecommunications industry.

The company's chairman and founder Mr Bill Holden, his family and fellow directors are selling 720,068 of the shares being placed, the remaining 335,000 are new shares. The total placing represents about 27 per cent of the company's enlarged equity, Mr Holden will retain overall control with an interest in 65 per cent.

The company made pre-tax profits of £504,000 for the year to the end of March, an increase of 55 per cent. on turnover of £3.56m, up 15 per cent.

The historic p/a is 6.5 on the actual (nil) tax charge and the prospective dividend per share is 3.25p, giving a gross yield of 5 per cent at the placing price. The company's net tangible assets at the end of March totalled £1.3m or 37p a share.

Holden was formed in 1969 to make machine tools, before switching in 1974 to aluminium fabrications which now account for just over half the business; the main customers being STC and Plessey.

But the fastest-growing activity is advanced plastics, now slightly less than half of turnover, supplying parts such as front and back bumpers to BL, Ford and other vehicle makers.

One former customer was the De Lorean car company, whose bankruptcy in 1982 cost Holden £204,000 and led to a pre-tax loss for the year of £140,000. But profits bounced back to £824,000 the following year.

J. Carr rises but warns on second half

ON THE back of a £4.38m rise in turnover to £22.62m John Carr (Doncaster), joinery manufacturer, pushed first half pre-tax profits up by £1.19m to £4.22m.

The directors warn, however, that the overall growth in the market has slowed and that this, coupled with large increases in some of the group's raw material prices and lower exchange rates, will make it more difficult to maintain margins in the second six months.

Earnings increased from an adjusted 2.13p to 3.24p.

● comment

John Carr's traditional caution should not obscure its outstanding performance. Growth in pre-tax profits this year will not match last year's 46 per cent increase, but will be achieved in more difficult market conditions. Pressure of competition has limited the group to price increases of about 2.3 per cent when some wood prices have leapt 25 per cent. But even after stripping out an exceptional £344,000 contribution from rolled-up interest on investments, pre-tax profits for the half year are 30 per cent ahead. The gains have come largely from turning round the SBK window business bought last year, which should show further progress in the second half. The group can also expect to see gains from increased production of hardwood and flush doors, aimed at attacking imports in a very competitive part of the market. These positive elements will outweigh the impact of a decline in timber frame housing starts, which in any case accounts for only about 5 per cent of Carr's turnover. For the year, £8.5m pre-tax is easily within reach, putting the shares, down 4p at 79p, on a prospective p/e of just under 11, assuming a 40 per cent tax charge.

British designers are suddenly the envy of their peers across the Channel and even the Atlantic

A resurgence at last for UK designers

BY CHRISTOPHER LORENZ, Management Editor

TO BE catapulted into fashion after years of obscurity is a decidedly mixed blessing. Adulation flows aplenty, but so does criticism, exaggeration and misinterpretation. As expectations soar, so do the risks of disappointment and demise, whether the subject of the fashion be individuals, organisations, or ideas.

In the case of British industrial design, it is all three. Over the past two years industrial designers and their consultancies have been propelled into the limelight after decades of languishing at the beck-and-call of the nether reaches of British marketing and engineering.

All of a sudden, designers no longer need to look abroad for the bulk of their commissions. Domestic demand is booming, fortunes are being made overnight as their firms rush to go public, and the designer is emerging as an establishment hero, feted on television and honoured (in Terence Conran's case, with a knighthood).

It is not surprising that the British designer is suddenly the envy of his peers across the Channel and even the Atlantic.

The fashion owes its existence to a decidedly unlikely congruence of attitudes on the part of government, retailing, finance and industry.

Most of the design fraternity would date it back to a Prime Ministerial cocktail party-cum-seminar in January, 1982, which sowed the seeds of a battery of subsequent government measures to boost design: a series of industrial seminars across the country on the theme of "Design for Profit"; reinforcement of well over £10m to fund free design consultancy for small and medium-sized firms; the support of research to expand and improve design education, not only in schools and colleges, but also at the London Business School; and a flurry of public and private ministerial prodding of the hitherto reluctant businessman.

But the roots of design's resurgence go deeper. In retailing, Conran's chain of Habitat shops had stood almost alone as a symbol of the commercial power of design until the remarkable design-led revival of the Burton Group after 1980. Yet by the time Mrs Thatcher took the plunge, Hepworths and a number of other retailers were, in a phrase, following suit, and the City was beginning to show an interest.

Since 1982 the retail fashion for design has accelerated from a slow jog to a headlong gallop: Boots (which is using two top consultancies, Fitch and Pentagram) and House of Fraser (with Aidcom) are just two of the most recent big names to join the rush.

The parallel growth of stock market interest, and the timely development of the Unlisted Securities Market, have enabled Fitch and Michael Peters to join the pioneering Aidcom as public companies.

But the most fundamental change in sympathy has been in the marketplace itself. As the 1970s progressed, the nonsense of industry's old complaint that "British consumers don't want good design" became clear for all to see.

In one market sector after another, from cameras to cars, and consumer electronics to farm machinery, the public showed its preference for well-designed, reliable foreign products, even if they cost more than their British equivalents.

A number of British manufacturers—with BL the most visible—have at last responded to the belated realisation that quality counts, and that price is by no means everything in international trade, whether at home or on export markets.

The message is now plain to see

As well as reliability and good performance, they have also begun to inject into their products some flair, to remarkable commercial effect.

Such paragons are still in the minority, as was testified by last year's Mellor Report on the design of British consumer goods, and as is underlined by the paucity of yesterday's 1984 Design Council Awards in the "decorative goods" category. But at least the message is now plain for all to see. With the design bandwagon continuing to roll, even the most recalcitrant manufacturer could hardly ignore it.

The trouble is that, for all the hustle and noise—indeed, partly because of it—misunderstanding about design is still rife, even among some of its new supporters. This is not so much a question of Mrs Thatcher's now notorious complaint that Ford's "car of the future," the centrepiece of a much-trumpeted Design Council exhibition on the motor industry which she opened in March, was too advanced for her.

It is more a matter of a lingering belief on the part of many retailers and manufacturers—plus the City—that design is merely a promotional veneer that can be tacked onto whatever lies beneath, and used as a cure-all.

A number of retailers, for example, have revamped their shops in glossy fabrics and colours, while doing next to nothing to improve their merchandise. A bevy of manufacturers have modernised their packaging, but done little to upgrade the product inside.

With the City "not really understanding design and not wanting to" (in the words of one of the few stockbrokers who has thoroughly researched the commercial role of design), the risks of a sudden bursting of the design bubble are dangerously high.

What happens, say, if Conran runs into difficulties with Heals, his latest acquisition, or if House of Fraser's fortunes fail to take wings? What, when one of the quoted design consultancies inevitably has a lean year or two?

What if one of Britain's few design-minded manufacturers hits rocky times? Will retailers industry and the City take a thorough look at what went wrong, or instantly complain that "design doesn't pay after all?"

If the design fashion is not to prove a nine-day wonder (as it has on several occasions in the last 150 years), there is a great need for more breadth and depth, both in the continuing debate about its commercial potential and in the actions of the various parties involved.

First, more attention should be paid to the linkages between the different aspects of design. It is difficult, for example, for product design or retail design to be successful in isolation from each other: just as a brilliantly designed product will not sell well (or at high margins) in a ramshackle discount shop, so a gleaming department store needs quality products if it is to succeed.

It is equally difficult to run a convincing corporate identity programme if the reality of the company's products, buildings, and ways of doing business, fail to live up to the image; there is nothing worse than a glossily-promoted airline which is unreliable, uncomfortable, and has poor service.

Second, there is an urgent need for convincing empirical studies of the economic impact of design.

In general terms, the case for better engineering design was proved beyond doubt in the late 1970s by research at the National Economic Development Council and the Science Policy Research Unit of the University of Sussex.

But industrial design barely rated a mention, and only very recently have a number of other academics — at Manchester Polytechnic, the Open University, and London University — embarked on sector-by-sector studies. These could prove invaluable in "educating" the City and industry.

Third, the Design Council should ensure that more of its activities span the whole breadth of design, thereby pre-empting the now widespread criticism from industrial designers that it has become over biased towards engineering.

To the extent that engineering-based companies have been in greatest need of "design education" in recent years, the Council's concern with that sector has been justified. But the "softer" end of design also needs promotion, as the Mellor Report (which the Council commissioned) made only too clear.

Fourth, the design profession itself would do well to place rather more emphasis on the designer's role as part of a multi-functional team within the client organisation, rather than as a lone hero of the architectural world. Few designers overtly cultivate the hero image, but potential clients often see them in that light and consequently fail to integrate them into the corporate hierarchy; this applies both to consultants and to in-house designers, who are often seen as "outsiders."

Fifth, the government should reinforce its attempts to develop a more consistent strategy for its promotion of design, rather than giving with one hand and taking away with the other. While the Department of Trade and Industry, with prime ministerial backing, has been espousing the cause with its various support schemes, there has been a flurry of cut backs in the education sector, especially among the most valuable college teachers of all, part-timers who are also practising designers.

The paradox has now been made complete within the Department of Education and Science itself by Sir Keith Joseph's proposal that all school children should study a craft, design and technology course up to the age of 16—at present only a tiny minority do so.

Though his prime purpose is not to train professional designers, but to rectify the technical and visual illiteracy which has plagued British society as a whole for so long, there is a questionable logic in expanding secondary design education (presuming that, at a time of austerity, the funds can be found), while at the same time cutting tertiary level training. This conundrum is explored elsewhere in this survey.

More funds are earmarked

A degree of co-ordination between the DTI and DES—and with such bodies as the Manpower Services Commission—is now emerging following extensive policy consultations conducted by the DTI minister responsible for design, Mr John Butcher.

Last week it was announced that an additional £10m has been earmarked for the Design Advisory Service Funded Consultancy Scheme (to include the £1.5m for clothing and textile firms and an allocation for firms with fewer than 60 employees outlined in the Budget debate).

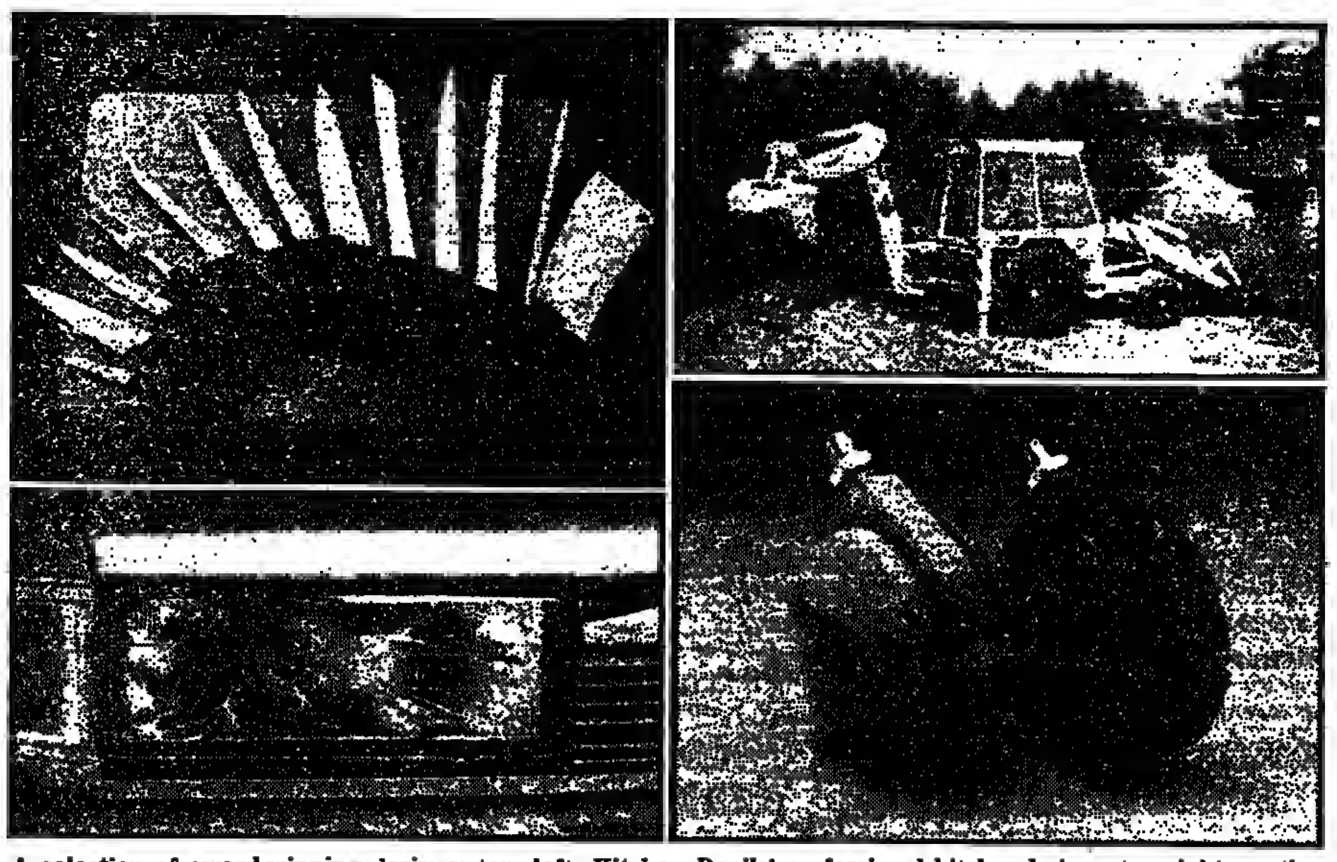
A total of £50,000 is also to be made available over the next two years to support research into design and primary education, with further sums of £10,000 going to the London Business School to support the Design Management Unit and £30,000 to help launch a register of apparel designers.

A scheme is also being discussed with the Royal Society of Arts whereby 200 of the brightest and best design graduates would be placed with employers in order to gain industrial experience.

In addition to sponsoring Council initiatives in primary education, a much-enlarged programme of industry sandwich courses for design students is being considered. Britain's five dozen art and design colleges have been repeatedly attacked for producing students who are unsuitable for employment in industry, but existing funds for such courses are extremely short.

There are also plans for a special "strategy group" within the Design Council to advise on the general policy; this would also include outsiders.

Together, all these various interest groups have the ability to transform a fragile fashion into a lasting and influential element in British industry and society. But they could also help destroy the fashion, and plunge design back in the shadows from which it has only just emerged.



A selection of award-winning designs: top, left: Kitchen Devils' professional kitchen knives; top right, another winner for J. C. Bamford Excavators with the 3CX backhoe loader; below, left, the Homofocal headlamp by Lucas Electrical; right, the Travelaid castors from British Castors

1984 DESIGN COUNCIL AWARDS

Manufacturers and their products

● Durable goods section:

British Castors: Travelaid castors.

Duracell Batteries: Durabeam torch.

Kitchen Devils: professional kitchen cutlery.

Lucas Furniture Systems: Programmo 2 office furniture.

Marler Haley Exposystems: Guideline 90 barrier systems.

OMK Design: Transit seating.

Paterson Products: Orbital colour print processor and power drive for amateur photographers.

STC Telecommunications: STC Executel telephone.

● Decorative goods section:

Collier Campbell: Six views collection furnishing fabrics.

Triangle Design: Triangle stationary.

● Engineering productions section:

Control and Readout: CRL 2000 process plant control system.

JCB Research: 3CX excavator/loader.

Laser - Scan Laboratories: HRD-1/Lasertrak combined plotter and display system.

LKB Biochrom: Ultrospec spectrophotometer.

Priestman Brothers: Priestman VC15 variable counterbalance earthmoving machine.

Short Brothers: Shorts 360 aeroplane.

*Edgely Aircraft: Edgely EA7 Optica fixed-wing observation aircraft.

● Engineering components section:

Coin Controls: Universal Hopper coin/token dispensing mechanism.

Eurotherm: Temperature controller.

Marley Rood Tile Company: Marley Dryfix roof system.

Parsons Chain Company: Kuplex R new generation chain system.

Thorn EMI Datatech: 98000 streaming tape transport.

● Medical equipment section:

Microsurgical Administrative Services: Diamond knives for microsurgery.

Oxoid: Antibiotic disc dispenser.

● Motor industry section:

Lucas Electrical: Homofocal Headlamp Model 35FR.

Salford Electrical Instruments: In-car radio aerial.

Schmidt Manufacturing and Equipment: SK150 Street King street cleaner.

Securon (Amersham): Automatic rear seat belt.

*AE Developments: Aecoguide piston.

*Kangol Magnet: Upper anchorage adjuster.

* Commendation

CASE STUDY: DURACELL BATTERIES UK/BIB CONSULTANTS

Award for 'a compelling product'

IN 1980, Duracell Batteries UK approached BIB Consultants with a request for a new concept in torches which was unnervingly like a proposal to reinvent the wheel.

Because the popular battery-powered torch has for so long retained its familiar cylindrical shape, Duracell did not ask for a torch at all, but referred to a "portable directional light source."

The result is the highly innovative Durabeam which the Design Council Awards panel has called "a compelling product—one wants to hold it, use it, buy it."

Its appearance is light years away from the conventional torch shape. More reminiscent of a compact pocket calculator or transistor radio, it has no switch and no exposed lens (the two traditional weak points in conventional torches).

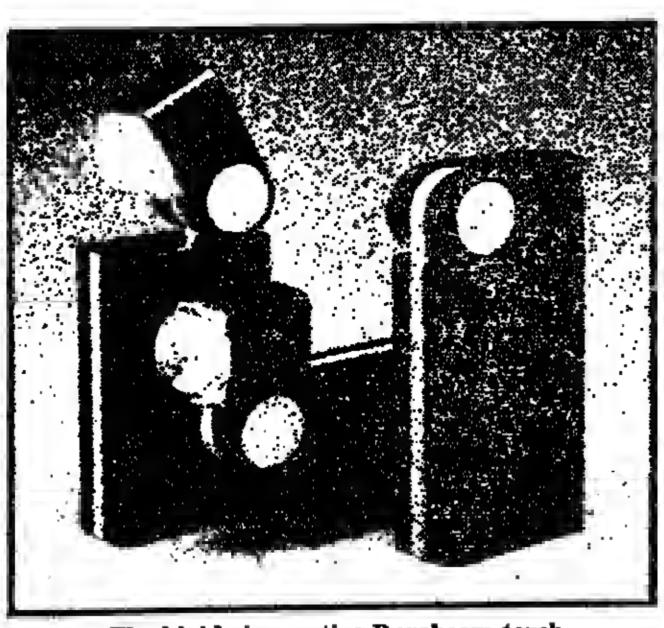
Thanks to its novel shape, the Durabeam is free standing, leaving its user's hands free to carry out other activities. The torch is automatically activated when its flip top is nudged open.

The light itself is housed in a tough, transparent bub on the underneath of the flip top, which swivels through 180 degrees. The head moves on a ratchet so that it can be angled at whatever level the user requires.

The tough plastic casing is also said to remain intact when dropped on concrete from a height of three feet.

Because the rachet is under continual wear it is moulded from tough yellow acetal which also forms the internal section where the batteries are housed. The outer casing is made from black ABS plastic.

Every Durabeam is supplied with Duracell batteries fitted; there are two sizes—the pocket version measuring 3¼ inches by 1¼ inches, and the standard measuring 5¼ inches by 2¼ inches. They retail for around £2.99 and £4.35 respectively, including batteries and VAT.



The highly-innovative Durabeam torch

Duracell, part of the U.S. Dart-Kraft Corporation, requested the new design after market research showed that although every family has at least one torch, torches had been designed with very little thought for the user's needs.

It was also keen to expand its UK sales of batteries, noting that although all batteries had once been sold for use in torches, now 87 per cent of batteries were sold for use in other appliances, especially radios. This was to be Duracell's first diversification outside battery making and showed the lengths it was prepared to go to boost the sales of its main product.

In the autumn of 1980, Duracell approached a small group of design consultants, including BIB, with its request for a portable light source.

BIB's John Drance recalls that at the end of 1980, his company gave Duracell a 10 phase programme for developing a torch with a pivoting head.

Duracell liked BIB's ideas and put out a model of the torch for market research. Early in 1981, after satisfactory market reaction, Duracell decided to proceed with the BIB proposals.

BIB then worked out a detailed schedule for production of the torch by injection moulding, developed the ratchet for the swivel head and gave final detailed drawings to its manufacturer, Insulators, of Kent.

Production began in September 1982. By the following Christmas, 450,000 Durabeams had been sold out of a UK market of 7m torches a year.

Since then, the Durabeam has gone from strength to strength. In 1983, its first full year of production, it claimed more than 12 per cent of the market by volume—and 33 per cent by value—in November and December, the height of the Christmas shopping spree.

It has also been commended by the disabled, voted "Car accessory of the year" by Motor Magazine, and accepted by the Museum of Modern Art, New York. At the Joint Air Transport Establishment at Brize Norton, Durabeam has been used to help light the helicopter landing area.

Sales are going well in Europe, especially in Italy, and production is due to start next year in the U.S. where earlier market research had discouraged Duracell Batteries from launching its own new style torch.

The fact that the Durabeam is to be produced in the U.S. is a credit to BIB Design Consultants, one of the UK's leading pure production design groups.

Employing about 20 designers, it has many major British and international clients, including one of Japan's leading manufacturers. The list includes Prestige, TI, Racal, Decca, Smiths Industries, British Telecom and Apple Computers of California.

Duracell has been selling long-life batteries in the UK only since 1978. Since then it says it has achieved 86 per cent of this part of the market.

Maurice Samuelson

Design in Industry

FINANCIAL TIMES REPORT

CASE STUDY: SHORT BROTHERS

Short-haul plane wins award

AN AIRCRAFT designed especially for short-flight transport in a wide variety of conditions, from tha "commuter" and "regional" airline markets of tha UK and Western Europe to the rugged conditions of the Third World, has won a 1984 Design Council Award for the Belfast-based aircraft and missile manufacturer, Short Brothers. It is the Type 360.

Shorts, as it is more customarily called, is the world's oldest manufacturer of aircraft. It was founded by the Short Brothers, Eustace and Oswald, in London in 1901, to build halloons at Battersea.

Later they were joined by their brother, Horace, and moved to tha Isle of Sheppey, where they huilt a number of the famous Flyer hiplanes, of the type in which the Wright Brothers, on December 17, 1903 had made the world'e first powered, controlled and sustained flight in a heaviar-than-air machine, at Kill Devil Hills, near Kitty Hawk, North Carolina.

Since then, the company has been continuously involved in aircraft design, development and manufacture, covering many different types from flying-boats and bombers, through to research aircraft, giant freighters, such as the Belfast, and also guided missiles, besides transport aircraft.

The company is still heavily involved in civil aircraft development. Besides building its own range of small transports—the Skyvan, the 330 and the 360—it builds wings for the Dutch Fokker F-28 jet airliner, and now also for the new Fokker F-100 airliner; parts for the Boeing 747 Jumbo jet and Boeing 757 airliner; and engine pods for the Rolls-Royce RB-211 engines for the Boeing 747s and 757s, and also for the Avco Lycoming engines used in the British Aerospace 146 airliner.

Some time ago, when military aircraft contracts ran down, and the high costs of aircraft manufacture precluded the development of new types of large jet or turbo-propeller aircraft for the commercial market, the company turned its attention to the smaller and cheaper types of transport aircraft, for which it discerned an emerging market, especially in the Third World.

Initially, on grounds of low cost, the company produced its Skyvan freighter, in which for the first time the simplicity of a rugged, box-like frame for an aircraft's fuselage was exploited.

Market growth phenomenon

The success of this aircraft, which is still in production, led the company to consider improvements, including greater size, with particular reference to a growing demand, especially in the U.S., for a low-cost, reliabla "bus-stop" type of transport suitable for linking remote communities that had either never had air services at all, or at best only limited operations.

The growth of this commuter and regional airline market, especially in the U.S., is a phenomenon of the late 1960s and the 1970s. It now constitutes one of the most rapidly expanding segments of world civil aviation, and its demands for rugged, reliahle, low-cost but comfortable transport have resulted in an entire new generation of aircraft, of which probably the most successful have been the Brazlian Bandeirante 19-20 seater, and the Shorts 330 30-seater and 360 36-seater, all twin-engined turbo-propeller powered aircraft.

The 36-seater Shorts 360 aircraft

The Short 330 was derived from the original Skyvan, retaining but enlarging the basic box-like frame and giving a wide cabin cross-section for greater space and comfort. The Type 360 in turn evolved from the 330, to meet the markets demands for an even larger 36-seat aircraft while maintaining tha basic characteristics of comfort, ease of maintenance and low purchase price and operating costs.

Both the Type 330 and 360 continue to sell well in the UK and in the U.S. and other overseas markets. They are in considerable demand among the small computer and regional airlines, for whom their size is ideal.

The success of this entire family of Shorts transport aircraft is seen in the fact that in March, this year, the company bad its best-ever month, with new orders for 33 aircraft worth $200m, and additional options on another 50 aircraft worth potentially another $500m.

Tha biggest individual contract was from the U.S. Air Force for 18 Sherpa freighter aircraft (a derivative of the 330) worth about $150m, with options on another 48 aircraft.

It was followed by orders for a further 12 of tha 360s and 330s, with two additional 360 options, worth in all over $55m. At the end of the month, the company announced the first sales of the new utility tactical transport version of the 330 to customers in South-East Asia, worth $10m including spares and support services.

These and other orders during tha month brought total Shorts' sales of light transport aircraft to date to over 400—of which 150 hava been for the smaller Skyvans, 180 for the 330 and its variants, including the Sherpa and Utility Tactical Transports, and over 80 of the 36-seat 360s.

Sir Philip Foreman, chairman and managing director of Shorts, says "Wa designed the 360 with three aims in mind: to create a cost-effective aircraft for the high-utilisation commuter and in-transit passenger market; to redoce maintenance and operational costs; and to create an aircraft that is easy to load, quick on turn-rounds at airports, hut also comfortabla and reliahle."

An expanding order book

The company's success is reflected in the expanding order book for 360s, even while the smaller 330 is also still selling well. The 360 itself has a possible "high" utilisation of up to 7,000 flights or 3,500 hours a year, with an ability to carry up to 250,000 passengers a year, while providing major airline standards of comfort to the passengers.

Shorts worked to a tight cost and time schedule to produce the first 360s for delivery in 1982 and hit the market successfully over two years ahead of the competition. This has had a two-fold effect. First, it has generated considerable sales, which continua to emerge, especially from U.S. customers, secondly, it has resulted in a significant growth in passengers in the commuter and regional airliner market due to the reliability, regularity, low cost and high comfort that the aircraft provides.

Michael Donne

CASE STUDY: PARSONS CHAIN COMPANY

Redesign for chain sling system

IT IS not always easy for a company manufacturing a successful product to initiate changes in its design, due to the fear that something may go wrong or customers may not appreciate why any alteration is necessary.

On the other hand, countless successful products have gone out of production because they were assumed to be timeless in terms of design. The Parsons Chain Company of Stourport-on-Severn, Worcestershire, is a concern which was prepared to take a new look at a prodnct which had established itself as a market leader over more than 20 years, and won a Design Council award for its efforts.

The product was a Kuplex chain sling, a system used in industrial lifting applications, providing the connection between a crane hook and the load to be lifted, in such a way as to maintain tha load in balance.

Wheo first introduced, the system was widely used in industry and the docks, but more recently developed soma more specialised applications, including the lifting of military equipment slung under helicopters.

In its original form, it offered the advantages of high strength, simple mechanical assembly (except for tha crane hook connection) and a straightforward sling length adjustment to minimise the hazards associated with tilting and swinging loads.

Tha Kuplex New Generation, while very similar in concept, has now been redesigned to produce the first fully mechanically assembled system of its kind, the company said.

"A major constraint on design has always been the need to mannfacture hy welding the link assemhlies that fit over the crane hook. This required the use of relatively simple material cross sections."

The new design, completed last year, contains mechanical auxilliary links, thereby eleminating this need and "allowing the adoption of novel material cross sections to optimise stress distribution and minimise weight.

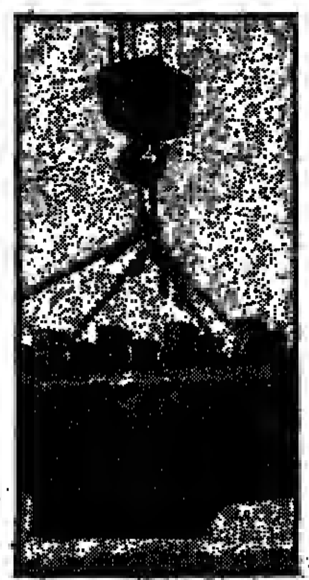
"The master link can now be forged, avoiding costly welding operations, and further reducing costs by restricting the stock levels required by sling assemblers."

In addition, the facility for leg length adjustment had been enhanced, eliminating the need for certain components and reducing the danger of mis-use, the company said.

Mr Denis Comer, marketing manager (industrial) of the company, said that the equipment was used mainly in heavy industry, such as mining, steel and construction activities, and had captured around two-thirds of the British market.

It was originally daveloped as a means of selling more chain, and the Parsons plant had since become the largest chain making facility in Europe. Slings now accounted for around 15 per cent of total sales, and around 18 per cent of the slings were exported to Western Europe, Scandinavia and the African continent.

Mr Comer added that the redesign of the system took only 12 months, and was carried out entirely by company employees, despite the fact that it includes 90 components.

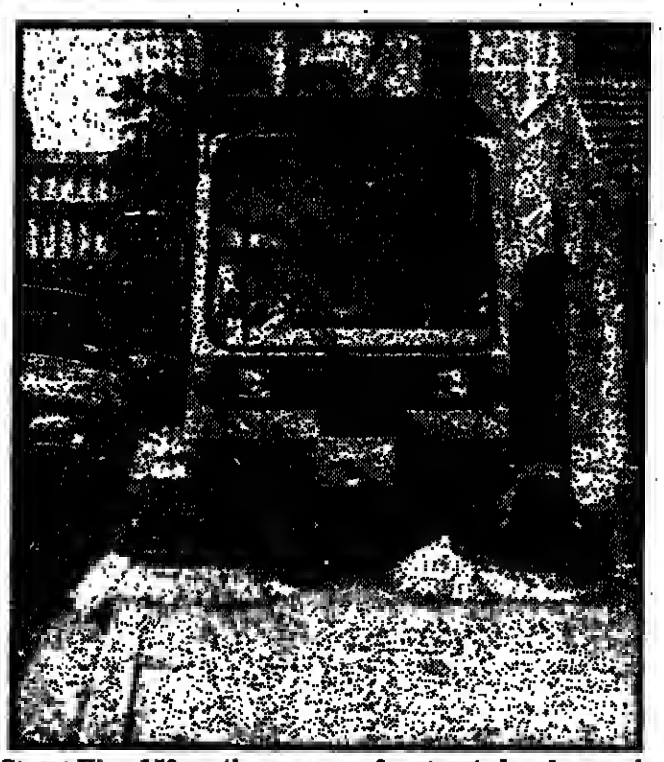


The Kuplex New Generation system

Lorne Barling

CASE STUDY: SCHMIDT MANUFACTURING AND EQUIPMENT

The king of the road



Street King 150 suction sweeper for street-cleaning work

SCHMIDT Manufacturing and Equipment, which has won an award for its "StreetKing SK150" compact street-claning vehicle, is no stranger to the problems of keeping towns and cities clean.

"The original company was producing horse-drawn road-sweepers in the 1890s, so there is a long history of our experience in the industry," points out Mr Ian Duncan, managing director.

The Ely-based company, which is privately-owned and has some 114 employees, has proved yet again that there is money in dirt—and cities and towns, factories and shopping centres all seem to he becoming dirtier places to live and work in, in the 1980s.

Moreover, this is not a problem confined to the UK. "By the mid-1970s it was clear that there was a tremendous European market to be tapped if we could come up with a flexible design to carry out all urban cleaning tasks," adds Mr Duncan.

For many years, however, the market for compact sweepers was somewhat depressed and smaller than its potential suggested because many of the machines in use were of dubious reliability.

Not surprisingly, local anthorities and others who had particular problems with keeping shopping centres, airports, car parks and so on clean made clear their concern to Schmidt and other companies in the industry that an efficient, versatile and reliable compact cleaner was very much needed.

In the late '70s, Schmidt's designers and engineers started developing a small, highly manoeuverable "city" sweeper. However, by 1980 it was clear that there was a large market for a more sophisticated machine—so the company's six-strong design team went to work.

"Within a very short timescale—less than six months—the factory was completely re-developed and extended and computer-aided manufacturing introduced," recalls Mr Duncan. "This helped us to create the unique design features of the StreetKing 150 and to improve production times," he added.

The new cleaning vehicle came up with e number of new design features, which included:

- Sweeping brushes with individual swing-out control and automatic brush angling. Dirt is swept towards the centre of tha machina by two independently controlled brushes, which sdjust automatically to aoy change in surface camber. The brushes swing out in an arc so that the operator can adjust the width being swept, whether in a narrow walkway or an open pedestrian precinct.
- The antomatic suction nozzle design combines efficient air-flow management with specially developed long-life materials.
- A unique water re-circulation system solves the problam of holding a sufficient water supply on such a small machine.
- Another versatile feature is a swivel-mounted boom "wanderhose" which can be used to clean hetween cars, clear tight corners, or reach over parked cars to clean gutters, while the main machine sweeps the pavement at the same time. Kerbs of up to six inches can be "climbed" without any difficulty, making the StreetKing easy to use in virtually all urban environments.

David Churchill

CASE STUDY: COLLIER CAMPBELL

Winning collection of fabrics

IT IS often easy enough when a particular design or product has become an estahlished success for the world at large to remain entirely unaware of how very nearly it all didn't happen.

Susan Collier, the elder of the designing sisters who make up the Collier Campbell team that was responsible for the award-winning Six Views fabric collection, looks back to the dark days of 1979 when she, her sister and their two closest aides, Rosemary Barber and Peter Dalla Costa, were out of work, £19,000 in debt and unahle to raise more money, and she knows just what a close-run thing it all was.

"What kept us going," she says, "was a belief in ourselves as designers. We had had some extraordinary successes behind us. Sarah's dress fabrics had made large sums of money for Soirees Noubeautes, Cottage Garden (one of the designs we did for Liberty), had outsold William Morris and a blouse and skirt special offer we did for the Sunday Times sold over 18,000 times when no other offer had ever sold more than 4,000.

"I knew from the years of working with Liberty what would and would not sell. We had, in fact, a clear idea of our own worth but how to harness it all seemed like a Herculean struggle.

"Looking back to 1979 I don't know how we hore it—the misery, the lack of money, the struggle. The whole textile business was in recession and banks were, understandably, reluctant to lend us money.

'Good designs are not enough...'

"Eventually, we were lent £25,000 against the security of my house, hut as we owed £19,000 that left us with just £6,000 to go to America and talk to Macey'a who'd seen some of our work at Au Printemps and wanted to discuss what in America is known as a cross-classified look (using the sama designs on pots, pans, sheets, towels and so on).

"However, one of the girls at the Macey'e meeting gave us what turned out to be an excellent piece of advice—'don't do a cross-classified look yet,' she said, 'get a successful sheet design established first, then hranch out.'"

"I was so impressed hy her directness and honesty that I believed her and went to Martex, one of the higgest manufacturers of bedlinen. That proved to be a turning point—Silk Passage, our first design, sold 100,000 dozen sheets in its first year and since then we have done a collection a year for them.

"From then on things began to get better. I went to see Mr Sartain of Jaeger and hegan to work on fabrics for them and in the meantime I was also having to learn how to run a business. It isn't enough to have good designs and Mr Sartain taught ma in the most courteous way how to run a husiness without ever appearing to be teaching me anything.

"I'd also begun to seek out business edvice and I think our evident poverty (visihle just by looking at the clothes we wore) moved people to he extraordinarily honest ond helpful.

"After the success of our licensing arrangement with Martex in America wa did some chintzes for Kaufmann and then wa went to the Swiss-based furnishing fabric company Fischbacher. Paul Lambert, who runs the British end, wanted some English modern furnishing fabrics, he needed a new look and we began to work on Six Views.

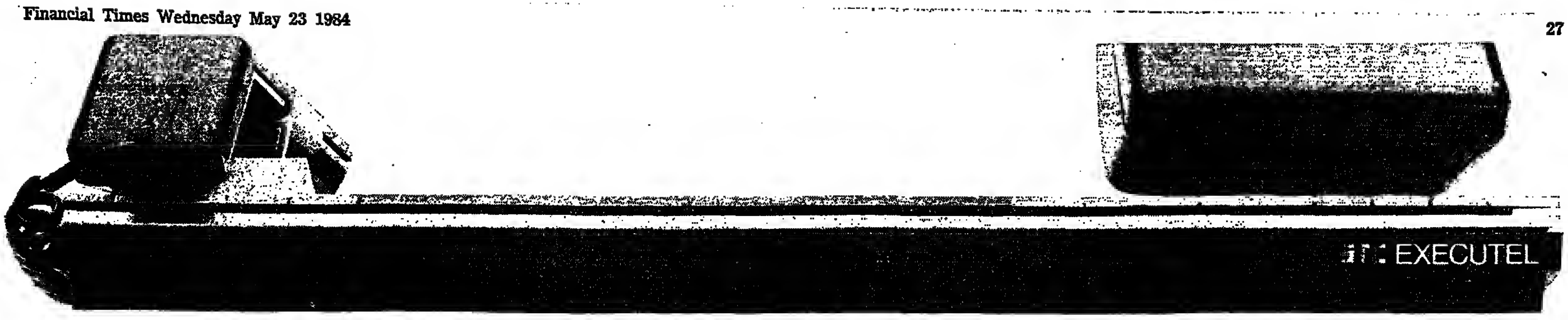
"Fischbacher were extraordinarily generous about our designs and gave tha whole of their stand at the fabric fair, Heimtex, over to it. It has been a great success for Fischbacher.

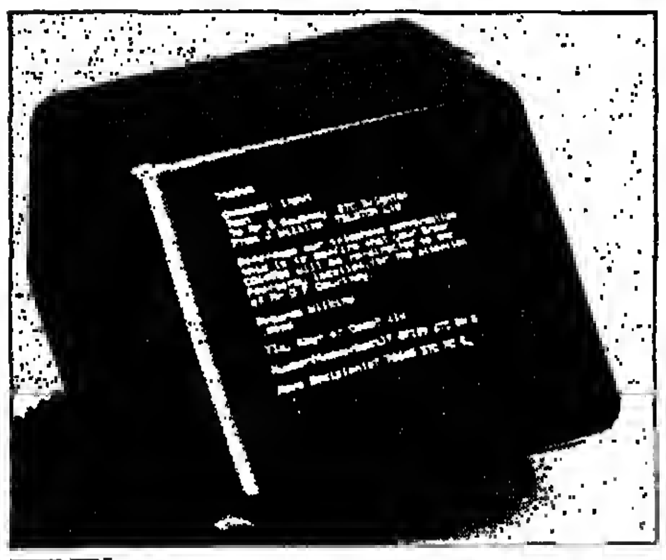
"I, personally, was so pleased that the salesmen all loved it. When it first came out they'd had so many months of trying to sell fabrics that people didn't want and suddenly here were people getting excited about e furnishing range.

"In fact, Fischbacher eay they have never had anything quite like it and now this very English collection sells to Jepan, America, Switzerland, all over the world, and in England Fischbacher is currently opening nine new accounts a week on the strength of it."

Though the company now seems commercially successful (turnover in 1982 was running at £947,000, staff had grown to eight), Susan Collier takes most pride in the fact that she at last, having learned the hardest way of all, has what she can honestly asy is a "phenomenally well-run company—that is what I call success."

Lucia van der Post





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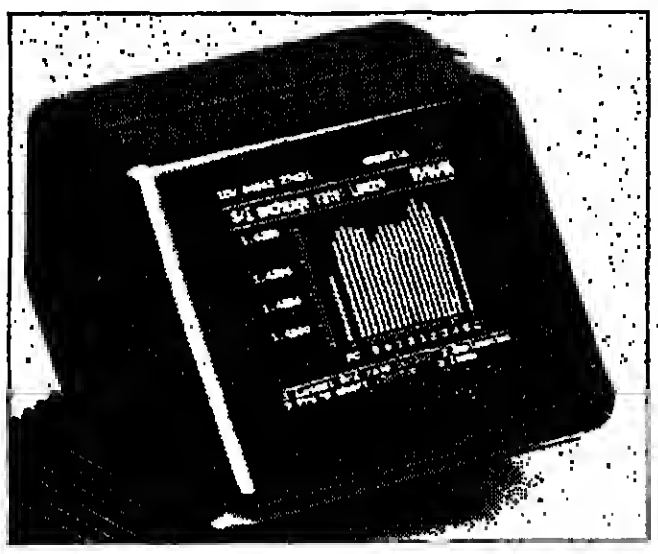

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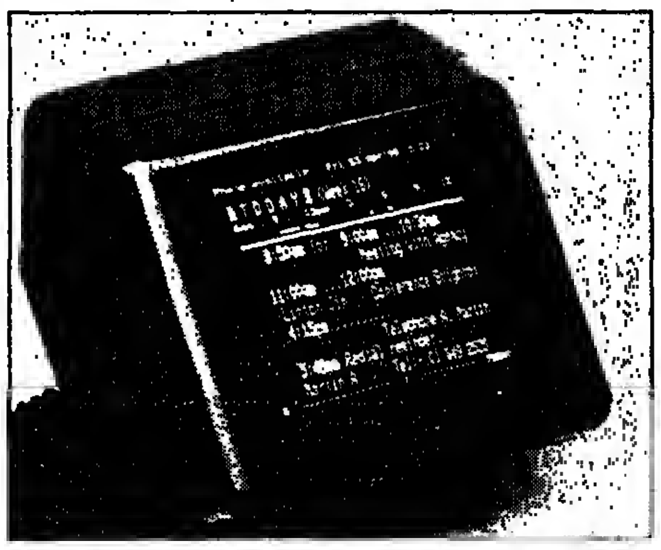

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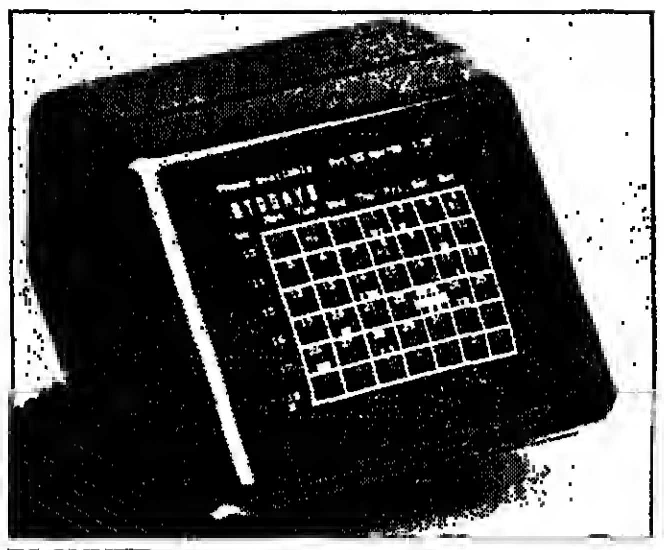

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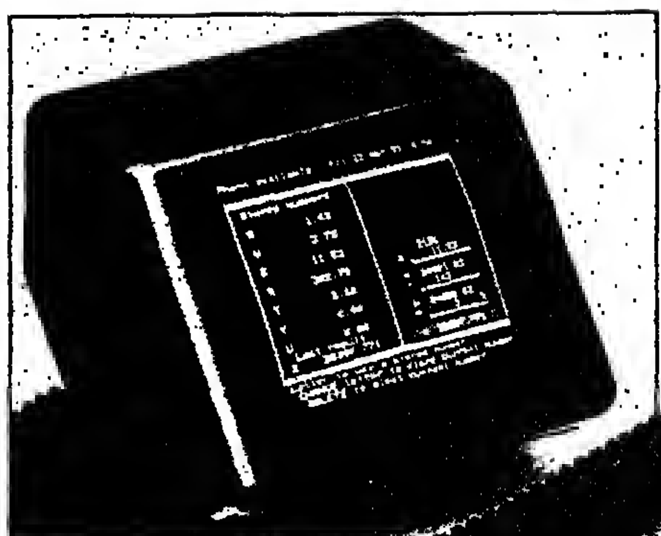

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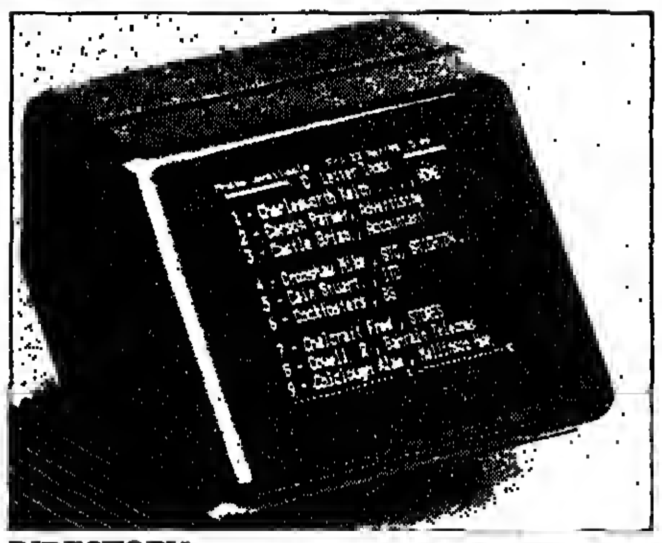
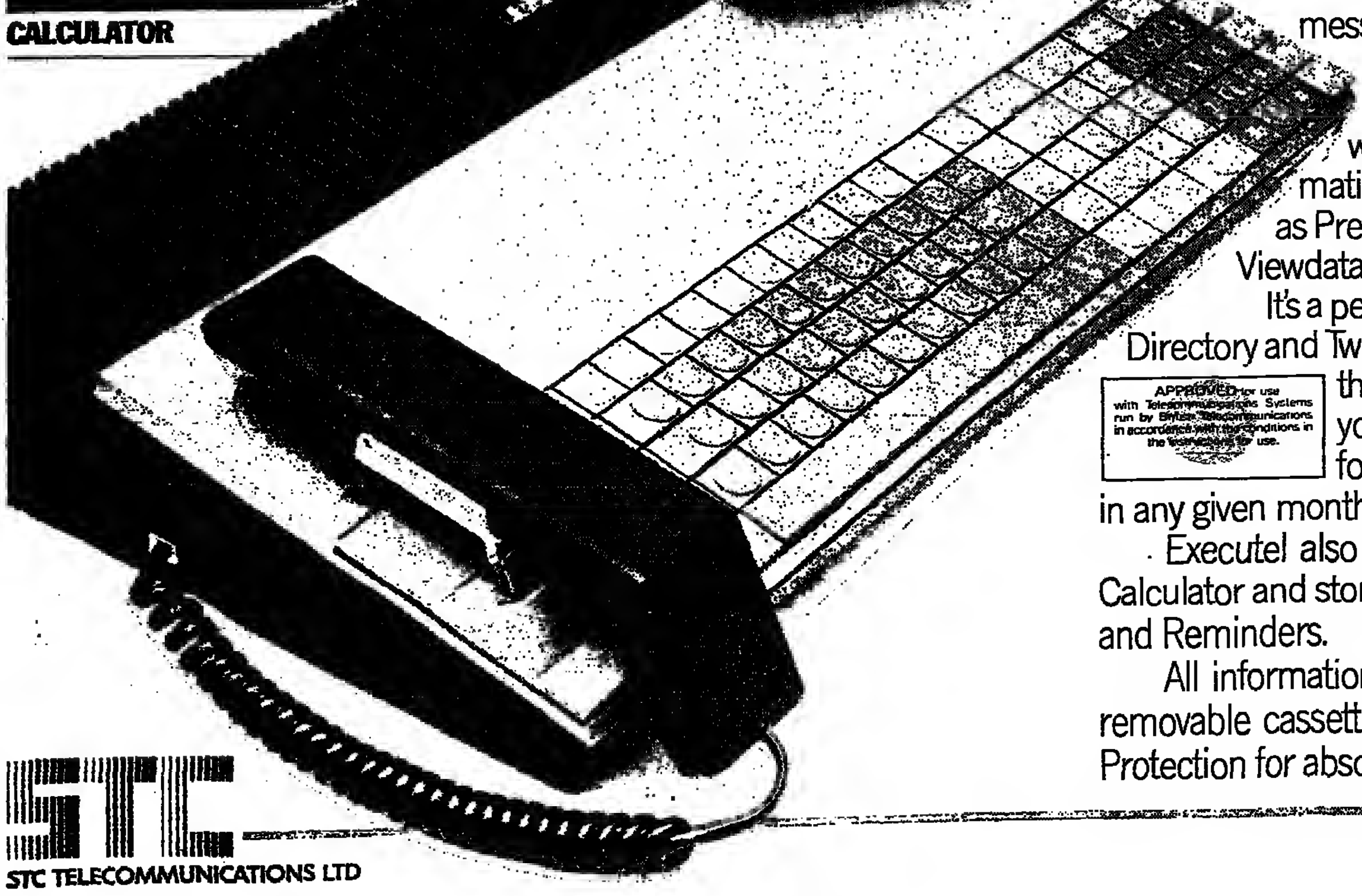


DIRECTORY



UK COMPANY NEWS

Stakis improves 73% to £4m halftime

A SHARP improvement in pre-tax profits from £2.32m to £4.02m has been shown by Stakis for the six months to April 1 1984, with most of the 73 per cent rise coming from the hotels and inns division.

The net interim dividend has been lifted from 0.55p to 1p—in the last full year a total of 2p was paid from pre-tax profits of £6.46m. At the end of the last full year the directors said that initial trading for the current year signified continued profit growth.

Earnings per 10p share for the six months were given as increasing from 3.24p to 4.54p.

A breakdown of turnover of £66.89m against £46.22m and trading profits of £4.84m compared with £3.01m shows; motels end inns £22.88m (£18.06m) and £2.57m (£1.42m); casinos £10.93m (£7.9m) end £1.92m (£1.36m); wines and spirits £32.02m (£19.36m) and £352,000 (£228,000). Turnover also included asset leasing of £1.06m (£895,000).

Tax took £804,000 (£348,000) leaving £3.22m (£1.98m).

● comment

Now that Stakis has a hotel and casino presence in London it should be benefiting from the large number of foreign tourists in the capital. It takes longer for the tourists to reach the parts whece Stakis has a greater exposure, but even so the summer looks to be shaping up well in terms of bookings. As these figures show a few more beads on pillows has a dramatic effect on hotel profits, as does the refurbishment work done in the pnbs and discos, and the inclusion of the new London businesses. The fall in margins on the wines and spirits side can largely be explained by the acquisition of the Peter Thomson wholesaling company in October which added e lot to turnover bnt net profits. The £225,000 investment profit came from the sale of a 6.6 per cent stake in the Norfolk Capital botel group. As long as the summer weather turns out fine, Stakis could top £9m pre-tax (£6½m) for the year and on the company's estimate of a 20 per cent tax charge the p/e comes out at 11.7 with the shares down 2p at 119p yesterday.

BOARD MEETINGS

Interims:—Avon Rubber, Bass, Cronite, Irish Distillers, Redfearn National Glass, Sidlaw, Tunstall Telecom.

Finals:—Allied Irish Banks, Boots, Buckley's Brewery, Channel Tunnel Investments, Delyn Packaging, Emray, Jersey General Investment Trust, London and Northern, Robert Moss, Svenska Cellulosa Aktiebolaget, Whitbread Investment.

FUTURE DATES

Interims:—

Dobson Park Industries	June 1
Grainger Trust	June 1

Finals:—

British Bldg. and Eng. Apps.	July 17
Bulmer and Lumb	June 20
Chapman Inds.	May 30
Consolidated Murchison	May 29
Dom International	June 4
East. Transvaal Consd. Mines	May 29
Hartebeestfontein Gold Mng.	May 29
M & G Second Dual Trust	May 30
Southwest Resources	May 29
Zandpan Gold Mining	May 29

MAM down to £0.8m midterm

TAXABLE PROFITS of Management Agency and Music, the show business, hotels and leisure group, fell from £954,000 to £818,000 for the six months to January 31 1984.

These interim results are in line with the forecast made in the last chairman's statement, when the full year result was £1.29m. The directors were then of the opinion that the funding costs of recent acquisitions would produce lower half-way profits.

The interim dividend at 2.8p net is unchanged from last time when the total was 8.75p.

Turnover for the six months rose sligbtly from £14.78m to £15.31m, while tax took less at £395,000 against £486,000. Earnings per 10p ordinary share were down from 6.09p to 5.06p.

An EGM will be held on June 14 to enable an auditors' statement to be laid before the company.

● comment

Delayed by the Gilbert O'Sullivan court case, the chairman's statement for the year to July was not published until two months ago end so, not surprisingly, he was able to flag MAM's profits to January with a fair degree of confidence. The market was fully prepared for the setback and the shares barely moved at 148p. The main feature of the year is the continuing pressure on the amusement machines division—by far the major profit earner of the last couple of years. The brewers, taking 95 per cent of its machines, dominate the market in terms of price and product. MAM, like is competitors, can do little but dance to the brewers' tune. If that were not bad enough some of the brewers are setting up their own operations, leaving MAM to battle in a declining market. So, even with a strong performance from hotels and the absence of the fast food and aviation losses group profits are still under pressure. There will be a modest recovery but the £2m pre-tax of 1982 looks beyond reach. Hope for the future is based on developing its other leisure interests though they look a bit of a botchpotch. Even with the speculative touch of Queen's Moat 9 per cent bolding, the 8.6 per cent yield is justified.

Fisons is confident of growth

AT THE AGM of Fisons, Sir George Burton, chairman, said he was confident that the company would continue to grow in profit and in sales in its chosen sectors.

Elsewhere, Mr Peter McMurtrie, the chairman of Elbar Industrial, told shareholders that in the first three months of the current year, he was pleased to be able to report thet the performance of the units central to the company's long-term strategy, has been encouraging. Trading had been belped this year by the still buoyant levels of consumer expenditure and by the start of the industrial recovery.

He was confident that the combination of new management, tight financial control and the strategy adopted, would result in a much improved financial performance, although the timing of the disposal of surplus properties and loss makers would clearly affect the year's results to a substantial extent.

At the AGM of Stag Furniture Holdings, Mr P. V. Radford, the chairman, said that although demand for the first quarter had not been particularly bouyant, the company bad been able to maintain a satisfactory level of turnover. Since the time of the budget business had been unexpectedly flat, and it seemed likely that the decision to impose VAT on building alterations as from the beginning of June bad channelled consumer spending into these sectors of industry, namely fitted kitchens and fitted bedrooms, which would be losing their exemption. Whilst medium term prospects for the industry and the group remained good, the present disappointing demand was influencing its profitability during the second quarter of the year.

Mr Brian W. Stanton, chairman of Astbury & Madeley (Holdings), told shareholders that trading for the current year to date continued to show an improvement over that of the same period last year. He remained reasonably optimistic that if progress was maintained the results attained last year would be exceeded."

At the AGM of Betec, the chairman stated that the company had made e satisfactory start to 1984 and that management accounts indicated that in the first four months of the year sales and profits showed a significant improvement over the equivalent period.

Mr E. Brian Bibby, chairman of NMW Computers said that the company's traditional business was linked closely to Stock Exchange volumes and market activity for the first four months of 1984 had been very similar to that of last year. Investment in new projects had been stepped up and it was expected that results of these developments would be evident later this year. The capital system had operated well even through the high volume of trading experienced in recent months. Two customers who contracted to join in 1983 had been installed successfully and two London firms recently agreed to make the system.

Enchancements to capital would continoe but most of the systems development activity was being directed towards servicing the new requirements which would be brought about by the inevitable changes facing the securities industry.

The portfolio investment management service project announced earlier this year was proceeding to plan and it was expected that further developments would follow.

Prodnction of the NMW Series 200 microcomputer was well established. Some 70 series 2000 satellites were already in users' offices. The first distributor had been identified and general sale of the Series 2000 was now in a position to begin.

The board endorsed its previous comment that the company faced the future with confidence.

At the AGM of Associated British Ports (Holdings), Mr Keith Stuart, chairman, said that the dispnte within the coal industry had led to a substantial reduction in coal exports and it now seemed unlikely that these would recover to normal levels until [illegible] even if the dispute was settled quite quickly.

It was also evident that the dispute was affecting the level of activity in the steel industry with a consequent rednction in the amount of steel available for export.

As a result of these edverse developments, it was inevitable that the company's profits for first half of 1984 would be lower then in the comparable period of 1983.

Mr Laurence Gould, chairman of Laurence Gonld and Company, told shareholders that the company's pipeline of orders had never been longer nor fuller. Although they had increased their bndgets for this year, the first quarter's results were well on target. In the last month, the company's order book had advanced from being 75 per cent to over 80 per cent contracted.

Britannia Arrow makes strong start to year

THE high records of sales established at Britannia Arrow Holdings in the early months of 1983, have already been broken, says Mr Geoffrey Rippon, the chairman, in his annual review. And, be adds, although repurchases are also running at a high level, net new money for the year is already more than half that for the whole of 1983.

The acquisition of Gardner and Preston Moss Inc (GPM) of Boston, Massachusetts, extended the scope of the group's fund management activities. GPM manages over £2bn in more than 1,000 accounts on behalf of pension funds, charitable foundations and private individuals. Funds under management have expanded rapidly in recent years, and already in 1984 new business of over $400m has been gained.

Commenting on 1983, be says it was a year of change and opportunity. The acquisition of National Employers Life (NEL) in July bas "provided an environment for stability, continuity and growth."

The results for 1983 show the same consistent growth as in previous years. Total premium income rose to over £70m, and total long-term funds increased by 22 per cent to £348. New annual premiums rose from £9.7m to £12.6m. Single premiums of £19.9m exceeded 1982's record total of £17.4m.

Mr Rippon says that since the close of the year, there bas been another major change in the business environment which affects the whole life assurance industry, namely the withdrawal of life assurance premium relief. He says the full consequences of this change bave yet to be felt.

The accounts show that one senior employee in the group received a remuneration of between £250,000 and £255,000. The emoluments of the highest paid director increased from £61,993 to £108,130.

Parkland more than doubled to £1.61m

Second balf profits of £799,000, against £409,000 have lifted the taxable surplus of Parkland Textile (Holdings), worsted comber, spinner and manufacturer, from £730,000 to £1.61m for the year ended March 2 1984. Turnover moved ahead by £5.1m to £40.06m for the 12 months.

The directors say the group's order books are at a significantly higher level than at this time last year, and although profit margins are tight, indications are that the improvement will continue.

They add that capital expenditure is to be stepped up in areas whece a positive retorn can be seen.

Tax took £2,000 (£121,000). There were no extraordinary items this time, compared with £391,000 debits, after wblch earnings per 25p share are given as 22.7p (8.4p). The dividend is lifted to 4.8p (3.7p) with a final of 3.2p.

Little change at British & American Film

Pre-tax profits of British & American Film Holdings emerged little changed at £300,721, compared with £295,395 for 1983 but a final dividend of 2.825p lifts the net total from 3.75p to 4.2p, an increase of 12 per cent.

Sir John Woolf, the chairman, says the group is continuing to make good progress in the current year.

He tells shareholders that since the year end First Leisure Corporation has obtained a listing on the Stock Exchange which had the effect at the listing date of increasing the value of the group's listed investments by £900,000 and of reducing its unlisted investments by £500,000.

At May 14 the market value of the group's listed investments was £7.13m and the value of unlisted investments totalled £60,015.

Sir John says he is confident that the decision to participate in the formation of First Leisure, which paid a first dividend in April, will continue to be a considerable benefit in the future.

Included in the 1983 results were those of the subsidiaries not consolidated. These showed increased profits after tax amounting to £93,711 (£31,470) as e result of more buoyant overseas sales of the group's past films.

Pre-tax profits included income from listed and unlisted investments of £353,074 (£321,450) and interest receivable of £3,277 (£9,782).

Tax took £90,187 (£125,013) bnt extraordinary items added £86,792 (£175,765). Retained profits amounted to £949,170 (£835,236).

After six months pre-tax profits were £162,592 against £138,321.

Diploma surges to £7.58m at midway

WITH profits from the electronic components distribution division more than doubled, the taxable surplus of Diploma, manufacturing and engineering concern, surged to £7.58m for the six months ended March 31 1984. This is compared with £4m for the half year to December 31 1982, out of a 15-month period.

Turnover expanded by £12.35m to £40.2m at the interim stage and the dividend is stepped up by 1p to 2.5p net per 10p share—final payment last time was 6p and pre-tax profits for 15 months was £11.82m.

Mr Christopher Thomas, chairman, says that prospects for the remainder of the year must be considered favourable with continued strong performances expected from the electronic side and from the principal units of the manufacturing division.

The strongest surge in profits was from electronics distribution, which more than doubled its contribution producing 75 per cent of total profits. The chairman explains that conditions were most favourable for distributors with demand outstripping availability as well as underlying consumption of product.

The manufacturing division produced excellent results, notably from Henry Whitham and I. G. Lintels.

Tax for the six months takes £3.37m, against £1.85m, and after minority interests of £338,000 (£120,000 and preference payments, £1,000 (same), the attributable balance was £3.87m, compared with £2.04m. The interim will absorb £657,000 (£392,000) and earnings per share are given et 14.8p.

● comment

It was predictable that Diploma's results would be good, but in the event they were at least £1m ahead of the most optimistic forecasts. With demand for active electronic components far outstripping supply, Diploma, as the UK's biggest distributor, was bound to enjoy better margins due to shortages as well as higher volume. But Diploma also has the reputation of being the shrewdest stock-holder in the business, and had not only spent beavily at the beginning of the period, but also ended the six months with larger stocks than it began with. Over the period, sales of active components came to £23m, with another £3m from passive components on top. With U.S. suppliers still slow to catch up with demand, 1984 looks sold ont already, and there may not be a major slowdown until 1985. Full year profits should be at least £16m, which would put the shares—up 10p at 542p—on a prospective p/e (at 45 per cent tax) of around 17.

Beer volumes help Whitbread expand by £14m to £95m

BEER VOLUMES were helped by an excellent summer and progres was made on the retailing side at Whitbread and Co. for the year to the end of March 1984. Pre-tax profits were boosted by £14.1m to £95.1m on turnover ahead from £1bn to £1.19bn, and the directors anticipate continued profits growth.

The net final dividend has been lifted from 3.75p to 4.4p which raises the total from 5.4p to 6.25p. Basic earnings per 25p share increased from 14.13p to 19.27p, and fully diluted from 13.91p to 18.92p.

The UK beer market, in decline for the past four years, appears to have resumed at least marginal growth, says Mr Charles Tidbury, chairman. The trends in take-home sales, a rising lager trade, increased wine consumption and reducing spirit sales continue. The programme of work completed during 1983-1984 will bring benefits far beyond the year under review.

The directors plan to continue last year's trend of growth through increased beer market share, the development of wine and spirit interests worldwide, and a continuation of the drive into retailing. This, coupled with plans for further improvements in productivity and the increasing effectiveness of the new management organisation, should lead to a continued growth in profits.

Mr Tidbury says that earnings now are more broadly based. Some 40 per cent come from UK beer brewing and wholesaling; a further 20 per cent from wines and spirits wholesaling, mainly abroad; and 40 per cent from retailing, which, in addition to beer, covers food, wines and spirits, soft drinks and other forms of leisure.

Last summer, beer volumes and market share increased. Most of the growth was in lager which now accounts for some 40 per cent of total beer sales which is well above the national average. *Heineken, Stella Artois* and Kallenberg Diat Pils all showed significant gains.

Mr Tidbury says "we do not believe that beer in this country is, as some pundits predict, a market to be written off, in fact, the take-home market and lager are moving ahead. For a long time to come, beer will play an important part in Whitbread's profit."

In retailing investment has been kept at a high level. Managed houses enjoyed a successful year and the specialist retailing division also made great progress, increasing trading profits by more than 50 per cent.

In the off-licence sector the position was strengthened by the addition of 321 Ashe & Nephew shops to the Thresher chain.

In wines and spirits, Whitbread America has met its U.S. budget for the second year, and represents an addition to profits after funding costs. The directors have substantially rebuilt the organisational structure, rationalised the product range, restructured brand marketing strategies, and developed long-range business plans. Scoresby Rare maintained its position as the fastest growing brand in the U.S. Scotch whisky market with a 17 per cent growth in volume.

Tax *amounted* to *£19.6m* (£25.9m). After deductions for the share ownership scheme and minorities, the attributable balance emerged ahead from £47.3m to £70.9m.

See Lex

Kelsey down to £0.5m so far but interim unchanged

THE DIRECTORS' confidence that the current year would show a satisfactory increase in profits has not so far been fulfilled at Kelsey Industries, manufacturer of solder and audio and video accessories.

Taxable profit for the half-year to March 31 has declined further, from £808,000 to £523,000. The last full year figure was £1.07m.

The group is to hold the interim dividend at 2.5p The total last time was 8p.

Mr Brian Arbib, chairman, explains that continued start-up costs for the solder businesses in Malaysia and Canada are responsible for the decline. However, he reports that these joint-venture companies are now trading at a satisfactory level, which will be reflected in the final figures for the year, when he expects profit to show an improvement.

Group turnover is up from £12.09m to £13.61m for the period. The tax charge was down from £415,000 to £266,000 and minorities added £85,000 (£35,000 loss). There was also an extraordinary credit of £85,000 relating to a foreign currency surplus transferred from the fluctuations reserve. Earnings per share were up from 7.3p to 8.4p.

Both the group's U.S. subsidiaries are "making excellent progress" and have made a useful contribution this half year, says the chairman. Kelsey Roofing Industries, the UK-based industrial roofing and insulation contractor, has a high level of work and the chairman believes the final result here will be comparable or better than last year.

Mr Edward Powley, the group's finance director, has resigned from the board to pursue other interests.

Higgs and Hill expects 'strong' demand for houses

MR BRIAN HILL, the chairman of Higgs and Hill, the international construction and property group, believes there will be a strong demand within the housebuilding market for the rest of this decade.

In his annual statement, he says the homes division of Higgs and Hill enjoyed a further successful year in 1983, which culminated in a significant increase in turnover and improved profits—pre-tax profits increased by 31 per cent from £4.63m to £6.06m, and turnover was 6 per cent higher at £169.71m (£159.67m).

Given the more stable conditions now prevailing, he is confident of further improvement.

Despite the implications of the VAT proposals, made in the Budget, which have yet to be fully assessed, he welcomed the reduction of corporation tax and of stamp duty.

Turning to construction, he says the group has experienced another year of keen competition.

Mr Hill adds that further radical proposals for change in contractual relations emerge from the recently published manual of the British Property Federation. While this accurately reflects a wish for developers, professional consultants and contractors to work more closely together, the practical implications of this document require much more debate.

ICL improves to £18.3m and lifts dividend

BY JASON CRISP

REFLECTING further consolidation of the progress made since 1981 ICL, the largest British-owned computer group, pushed its pre-tax profits up from £16.7m to £18.3m for the half year ended March 31, 1984.

New chairman Sir Michael Edwardes expects profits and earnings to improve further and meanwhile, the interim dividend is being lifted from 0.1p to 0.5p per 25p share.

The results were affected by problems in France, the cost of preparing for new product launches and exchange losses but these were partially offset by a reduction in the imbalance between the two halves of the financial year — the first half has traditionally been much weaker.

Last year's figures have been restated under the accounting standard SSAP 20 on currency translation. Exchange adjustments last year added £4.2m to pre-tax profits of £12.5m. In the first half of the current year it has resulted in a £0.9m loss.

Turnover for the six months rose by 8 per cent to £433m (£401m). Sales of mainframe computers, which still account for over half of ICL's business, were flat.

The group has increased unit sales by selling smaller mainframes in direct competition with the most powerful mini-computers. But the lower price of these and the general fall in computer costs has resulted in mainframe sales being the same as last year.

The main boost in sales came from software, which was up by 28 per cent, and from the smaller distributed computer systems which rose 40 per cent.

The biggest problem for ICL has been in France. ICL reports a £4m non-recurring loss as a result of redundancy costs and an inventory problem which the company admits has only just come to light. In addition, there has been a significant trading loss in France which is expected to continue in the second half.

The problem was exacerbated by government delays in approving ICL's rationalisation programme.

The company says its major new product launches, DM1 and Estriel, are still on schedule. DM1, to be launched later this year, is a medium-power computer and is the first major product to be launched benefiting from a technology agreement with Fujitsu of Japan.

The costs of the build up to the launch have put pressure on ICL's margins but the company says these have been held at the same level as last year.

Sir Michael says the results show a further strengthening of the group's financial position, with improvements in revenue and profits and a reduction in borrowings.

As at March 31 total group borrowings net of cash balances amounted to £74m after redemption of £10m preference shares at the end of March. This compares with £86m at the end of September, 1983.

In a statement following the results Sir Michael emphasised that he expected further improvement in the year.

During the first half there had been a 40 per cent rise in the value of the sales of the group, value of the sales of the group's range of smaller distributed systems.

The geographic breakdown of sales had remained about the same with the company endeavouring to improve the profit performance in the overseas markets rather than concentrating on growth.

Sir Michael stressed that ICL must improve its productivity — staff has fallen from a peak of 34,400 in 1979 to 22,000 at present, some 500 fewer than at the year end.

The chairman said: "We are still not happy with productivity although I am happy with the rate it is improving."

He added: "What I want to get across is that this needs to continue — it has to continue for us to survive."

Sir Michael pointed out that sales per employee had doubled from £18,000 in 1979 to £37,000 last year. But his goal remained a figure of £50,000 per employee in the next two years.

ICL was satisfied with the progress of its joint venture pacts with Fujitsu and the Canadian company Mitel.

Sir Michael revealed that other similar links would be likely. "It is part of the way of life in this industry now," he said.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Archimedes Iv Ts 1st int	4	Aug 6	3.7	—	8.61
British & Amer Film	2.83	July 6	2.5	4.2	8.75
J. Carr (Doncaster) int	0.45	July 6	0.39*	—	1.24*
Diploma .... int	2.5	July 4	1.5¶	—	7.5¶
Fidelity	2	—	0.1	3	0.1
ICL ....int	0.5	July 17	0.1	—	0.8
Kelsey Inds ....int	2.5	July 6	2.5	—	8
MAM ....int	2.8	—	2.8	—	8.75
Moran Tea ....int	4	July 2	nil	—	1
Nthn Amer Tst ......int	1.4	July 9	1.4	—	5.4
Owen & Robinson ...int	10	May 30	3	—	10
Parkland Textile	3.2	July 8	2.1	4.8	3.7
Ranks Hovis ....int	1.6	July 13	1.52	—	3.97
J. Sainsbury	5.1	July 20	3.95‖	7.5	5.85‖
Scottish National ...int	1.3	June 22	1.2	—	3.9
Stakis ....int	1	Oct 1	0.55	—	2
Whitbread & Co	4.4	July 27	3.75	6.25	5.4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 month period. ‖ For 56 weeks.

Profit fall expected by Star Computer

ALTHOUGH the audit for 1983-1984 is not yet complete, the directors of Star Computer Group have announced that full year pre-tax profits are likely to be substantially less than those for 1982-83, when they reached a peak of £1.07m.

At the end of January increased interim profits of £320,000 (£232,000) were made for the six months to the end of October 1983. The directors expected the second half to produce the greater part of turnover and profit.

The directors now say that there were serious delays in the delivery of certain key and new products which, coupled with a slower than anticipated build-up of orders for the group's new solicitors' system, resulted in fourth quarter revenues falling substantially below budget.

They believe these problems are only temporary.

The current year should also see a major first time contribution from a new distribution agreement with Convergent Technologies and the recent sale of the group's leasing business will virtually eliminate group debt.

BIDS AND DEALS

NatWest offshoot takes 80% of BL finance group

BY ALEXANDER NICOLL

Lombard North Central, the finance and leasing subsidiary of National Westminster Bank, has bought an 80 per cent holding in Wholesale Vehicle Finance, which provides stock finance to distributors of BL vehicles.

BL itself has bought the remaining 20 per cent of WVF, which was launched in 1978 and was owned 75 per cent by the National Enterprise Board with pension funds holding the remainder. The NEB is part of the British Technology Group.

The new ownership structure for WVF parallels those which Lombard has already set up with Jaguar Cars and Austin Rover. The NEB made the sale on the understanding that there would be no change in WVF's objectives or mode of operation.

Mr Ronald Barnes, Lombard's chief executive, said it had paid about £10.5m for the 80 per cent holding in WVF's ordinary share capital and about £5.8m for its loan stock. BL has paid about £2.8m for its 20 per cent stake, he said.

WVF, set up with £100m of capital employed, radically changed BL's relationship with its distributors. It financed their stocks of new cars and light commercial vehicles, and set up in 1981 a subsidiary, WVF Commercial, to finance stocks of trucks and coaches.

The subsidiary was included in the sale announced yesterday. Mr Colin Barker, British Technology Group chairman, said: "I am pleased at the satisfactory return to the taxpayer on this investment."

HMPB agrees purchase terms

BY RAY MAUGHAN

Harrison Malaysian Plantations Berhad (HMPB), the rubber and palm oil group which is 58.5 per cent owned by Permodolan Nasional Berhad, the Malaysian state investment agency, has finally agreed terms for the purchase of 10 plantation companies, or companies which hold investments in plantation companies in Malaysia.

The companies concerned are Castlefield (Klang) Rubber Estate, Holyrood Rubber, Kuala Selangor and Sogomana, all quoted in London and now subject to agreed underwritten share offers. The others comprise Dorankande Rubber Estates, Kinta Kellas Rubber Estates, Malaysia Rubber and Sungei Rubber Estates which also have the UK listings for which HMPB is making an offer through a Scheme of Arrangement and, finally, two private companies, Nalek Rubber Estate and Edensor Rubber Estate.

Harrisons & Crosfield, the UK-based timber, chemicals and plantations group is intimately involved in these deals given its stakes, or cross holdings, in almost all of these companies. It also holds a 30.3 per cent holding in HMPB which was itself formed in October 1982 when control of H & C's main plantation company, Harrison Malaysian Estates, was transferred to Permodolan Nasional Berhad through HMPB. H & C will retain a 30 per cent holding in HMPB

The terms of the underwritten deals are 8.992 HMPB shares or £10.79 in cash for each existing Castlefield share. Moreover, HMPB is offering 63.008 shares, or £75.61 in cash for every Holyrood share, either 5.742 shares or £6.88 cash for each Kuala Selangor share and either 5.892 shares or £7.07 for each existing Sogomana.

Each share was suspended on April 5 as the individual offers, each based on asset values, neared completion. The shares had been trading at a significant discount to net worth, despite strong previous rises, and requotation yesterday saw further substantial share price increase. Castlefield, for example, restarted at £11¼ against a suspension price of 925p, Holyrood gained £28 to £78, Kuala Selangor climbed from 475p to 700p while Sogomana increased from 520p to 723p.

H & C has 48.5 per cent of Castlefield, 50.6 per cent of Holyrood, 48.3 per cent of Kuala Selangor and 15.2 per cent of Sogomana.

The other side of the deal comprises a scheme given the elaborate cross-holdings in each company. The companies involved are Doranakande, for which HMPB is offering 3.008 shares or £3.61, Kinta Kellas Rubber, for HMPB is offering 3.108 shares or £3.73 cash, Malaysia Rubber, for which HMPB is offering either 2.908 share or £3.48 in cash and finally Sungei Bahru for which HMPB is offering 2.733 shares or £3.28 in cash.

Outside shareholders, not connected with any scheme company, hold 47.8 per cent of Doranaknde, 50.8 per cent of Kinta Kellas, 49 per cent of Malaysia Rubber and 49.4 per cent of Sungei Bahru.

Finally, HMPB has agreed to pay either 7.07m shares, or £8.48m in cash, or a combination of both, for H & C's 100 per cent stake in Nalek Rubber Estate and £3.18m in cash for the 62.6 per cent of Edensor Rubber Estate not owned by Holyrood or Castlefield.

All of these offers have been agreed by the boards of the 10 companies. N. M. Rothschild has agreed to provide the cash alternative for the offer for Castlefield, Holyrood and Kuala Selangor, which have been advised by Robert Fleming and for Sogomana which has been advised by Hill Samuel. The cash alternative has been sub-underwritten by brokers Hoare Govett and Rowe & Pitman.

West's Group in Singapore deal worth £1m

West's Group International has agreed to sell a 60 per cent shareholding in its Singapore subsidiary, Westpile (S.E.A.) Pte, to Kintat Metal Co Pte, for a cash consideration of S$2.95m (£1m). Completion is expected by June 18.

The directors say the foundation contracting company has recently been affected by public sector tendering rules which favour companies with majority local shareholding in Singapore. This has resulted in a reduction to break-even performance over the 12-months period to September 30, 1983.

Minster Assets disposes of Beddall for £8.75m

Minster Assets has reached agreement to sell Beddall Bradford and Co to RAC Motoring Services for £8.75m cash.

Beddall's profit before tax for 1983 was £1.05m. This is after commissions paid to the RAC of £1.08m and a management charge paid to Robert Bradford Holdings of £50,000. It excludes, however, profit commission of £149,000 'attributable' to Beddall in respect of business underwritten at Lloyds. Net assets of Beddall at December 31 1983 were £958,487.

Beddall's business is principally that of motor insurance broking. Since 1947, it has provided insurance broking services exclusively for RAC associate members.

The RAC has recently been exploring ways to widen the insurance services that it provides

Minster has been considering the position of Beddall within its group, following the publication of the Lloyds Act 1982. The disposal of Beddall to the RAC therefore enables both groups to satisfy their objectives.

Proceeds from the sale will enhance the capital resources available to Minster and will provide additional financial flexibility to take advantage of opportunities, the directors state.

OFT may block Lonrho scheme

By John Moore, City Correspondent

THE OFFICE of Fair Trading yesterday passed its comments on Lonrho's attempts to secure the election of 12 new directors to the House of Fraser board to the Department of Trade and Industry.

Sir Gordon Borrie, director general of the Office of Fair Trading, is believed to have said that the moves by Lonrho to secure the election of six of its own directors to the Fraser board and six nominated outsiders might be viewed as operating against the spirit of undertakings given by Lonrho to the Trade Department.

Lonrho gave undertakings that it would not increase its shareholding above 30 per cent (it holds 29.99 per cent) and would not do anything which could result in Lonrho and House of Fraser becoming interconnected bodies. The undertakings were given following the publication of a Monopolies and Mergers Commission report in 1981 which concluded that a takeover by Lonrho of House of Fraser would operate against the public interest.

Sir Gordon has been weighing up the question of the observance of the undertakings in relation to the conclusions of the Monopolies and Mergers Commission report.

In the Fair Trading office's submission to Mr Norman Tebbit, Secretary of State for Trade and Industry, it is understood that the reaction of the Office of Fair Trading to the deal has been detailed and the background to Lonrho's long running battle for control of Fraser outlined. All the facts have been laid out and a number of possibilities detailed which the Secretary of State might use under Fair Trading legislation to take further action.

If the Trade Secretary were to intervene to stop Lonrho in its attempts he could require an order under the Fair Trading legislation to be made. This would be an unusual and rare move, only resorted to if undertakings were not observed by parties involved in a merger position.

The review of the Lonrho moves is being rushed through so that should the minister need to make an order blocking the Lonrho attempts he will have sufficient time to do so before Fraser's annual general meeting on June 28 when Lonrho plans to seek the election of its nominated candidates.

House of Fraser is holding a board meeting today at the group's headquarters in Glasgow. Lonrho has two seats on the Fraser board and its representatives are expected to be present. At the board meeting Fraser intends to form a sub-committee of directors, which will not include Lonrho executives, to run the affairs relating to the annual general meeting. The group is also considering a number of capital projects relating to its stores in Grimsby and Manchester.

One of the possibilities which has been considered by the Office of Fair Trading is that of a re-reference to the Monopolies and Mergers Commission of the proposed move by Lonrho. But it is thought that such a move has been ruled out because no new merger situation exists.

Lonrho is attempting to secure the election of the directors to achieve board approval for a demerger of the Harrods department store.

BIDS AND DEALS IN BRIEF

East Midland Allied Press is making an offer to acquire up to 163,921 (29.99 per cent) of the ordinary shares of Lincolnshire Standard Group for some £208,000.

The Lincolnshire directors consider the partial offer as unwelcome, not in its best interests, and that it wholly undervalues the company.

The board will be writing to Lincolnshire shareholders shortly with its detailed advice as to why they should not accept.

* * *

Morgan Grenfell, which is deemed to be acting in concert with **Arthur Guinness**, has purchased 250,000 ordinary shares in **Martin the Newsagent** at 345p (1.8 per cent approximately).

Guinness and Morgan Grenfell together own or have received irrevocable undertakings in respect of 3.5m ordinary shares (26.5 per cent of the issued share capital).

* * *

The following merger is not to be referred to the Monopolies and Mergers Commission:

Public cold storage interests of Tempco International/Union Cold Storage Company.

MINING NEWS

Bright future for Canada

BY GEORGE MILLING-STANLEY

THE CANADIAN mining industry will continue to be a major source of jobs and wealth for Canadians in the years ahead, according to Dr William James, newly-elected president of the Mining Association of Canada.

Taking a more optimistic line than some of his recent predecessors, Dr James, who is also chairman and chief executive of the big nickel producer Falconbridge, said that the industry had significantly improved its competitive position in the last two years.

"New orebodies are being discovered, significant improvements in productivity have taken place, new mining technologies are continually being introduced, and for many metals Canada is among the world's lowest-cost producers," he said.

Dr James stressed the historical perspective, saying that the industry has been a crucial sector of the Canadian economy for the past century, and still employs about 115,000 people directly, with a further 300,000 engaged in mineral manufacturing industries.

Through its exports, including fabricated materials, the Canadian mining industry adds about C$13bn (£7.2bn) a year to the country's wealth, he said.

Among the challenges to be faced now, Dr James singled out for mention the attraction of sufficient investment to finance the mine development programmes which are necessary to maintain production levels.

In sharp contrast to previous incumbents, this year's president had a few words of praise for Canada's Government. He said that the introduction of flow-through shares, which provide substantial tax benefits, was an example of positive government action.

Dr James went on to say that the government should consider extending the concept of flow-through shares in order to help towards the creation of more jobs in the mining industry.

Contrasting views from Zimbabwe

SHARPLY CONTRASTING views of the fortunes of Zimbabwe's mining industry were apparent at yesterday's annual meeting of the country's Chamber of Mines.

Mr Callistus Ndlovu, Minister of Mines, pointed to the level of government loans to the industry, the rise in the value of the country's mineral production and the amount of exploration now being undertaken by foreign governments.

From the companies' point of view, Union Carbide's Mr Leo Kimble, president of the Chamber, warned of the low levels of profitability currently being achieved.

Total government assistance to the industry has now reached about Z$18m (£11.25m), according to Mr Ndlovu, reports **Tony Hawkins in Harare**. This figure includes soft loans given to the mining companies last year following the 45 per cent increase in electricity tariffs.

The Minister went on to say that the government was anxious to avoid any further mine closures, but at the same time it had to avoid propping up loss-makers.

The value of mineral output rose by almost 23 per cent last year to a record Z$469m, but in volume terms production of copper, asbestos and nickel fell. Gold accounted for 41 per cent of production by value, the highest level for 15 years.

The government was encouraged by the reopening of the Golden Kopja mine at Chinhoyi in the north, Mr Ndlovu said, and also by plans to reactivate the Royal claims in the Filabusi area near Bulawayo in the south-west.

The Minister praised the role of foreign governments in taking over some of the prospecting activities normally undertaken by the mining houses. He said that Romania, West Germany, Britain, France and Yugoslavia had all been involved in geological survey and mapping work, while the Swedish Government was engaged in a survey of the potential for mining tungsten.

Mr Kimble made the point that lack of profitability had virtually halted all exploration programmes by the mining groups in the country. Major companies are still forecasting losses in 1984, accompanied by severe cash flow problems which are exacerbated by the heavy burden of interest charges the industry is carrying, he said.

He warned that the "crippling" increase in electricity charges last year had grim implications for the future of the industry, and said that many mines were still unable to meet the charges.

MINING NEWS IN BRIEF

A SLIGHT reduction in profits for the past three months is reported by South Africa's Clydesdale (Transvaal) Collieries. The company made net profits of R2.67m (£1.5m), which compares with R2.94m in the closing quarter of 1983 and R2.8m in the corresponding period of last year.

The latest results, which have been adjusted to reflect the higher tax charges announced in the recent South African budget, brought the total for the nine months to March 31 to R8.52m, against R8.73m at the same stage of the last financial year.

Control of Clydesdale is currently passing from the Liberty Life insurance group to Gold Fields of South Africa, although it seems likely that the company's mines will continue to be managed by the Gencor group.

* * *

The big U.S. copper producer **Phelps Dodge** has reached agreement in principle to sell its building wire business in Starkville, Mississippi, to **JoDar Cable and Wire Company**, a new company managed by the former senior executives of the plant, for about U.S.$30m (£22m).

This continues the company's programme of asset restructuring which is expected to realise a total of $150m once it is completed.

Winding up orders against 126 companies

COMPULSORY winding up orders against 126 companies were made in the High Court. They were:

Osprey Holdings, Milanpress, Colormatic Foto Laboratories, Viceroy Press, Ploverglow, Reematex Textiles, Wharf and Jetty Services, M.M. Seals (Industrial and Automotive) and Telephone Selling Bureau.

Vira Agencies (UK), Mendham Bowen Financial and General Printers, Regent Tours, Many Goods, G.E.M. Television and Radio Services, Drapkin Gravure, Chiaramello International Transport, Giant Vision and John Murphy (Plant Hire).

G.V.C. Meats (London), Castlebar Securities, Welbury Masonry Contractors, Bordercolour, Sasis Investments, LSGT Cleansing Services, Jigward Building and Helpful Frozen Foods.

American Food Systems, Ryarsh Builders, Dabond Securities, Erin Construction, Hendean Properties, S.H.R. Installations, Tinavinda, Brecque Properties, Windmill Garage and Churcher Fraser Instrumentation.

Allandale Pottery, Parabright Construction, Supercavern, Sinfinprint, Bayview Hairdressers Wholesale Supplies, Eden Holidays, Gulay Fashions, Chenalwalsh and Doria Gowns.

Weybourg Shipping Company, S. C. Williams (Contracts), LT.S. Relay, Begflag, Bicester Photo-Litho, Caroline Roadshows, Meirquest, Star Painting Contractors and Trascona.

F. G. Edey & Company, Vivafax, Alderwood Supplies, Crownlion, Capper Neill International and Marberry Builders.

Frank Power and Company, Landbell, Oneward, Hewmat Publishing (Company), Radarland, Tahminater, Mansert Associates, Sharpe & Hughes (Office Equipment), Prentice Shipping and Kitchen Design Studio.

Yorkshire Fine Fabrics, Office Associates (Slough), G. Walker, Weymouth Photographic, Penrose Kitchen Manufacturers and Special Joinery, Techecru Engineering, Stockport Motorcare, London Vehicle Rentals and Cavendish Bridge Filling Station.

Club Cartel, Inter-Continental Confirmers, Denraf, Panasia Import and Export, Park Chemical Co. (Manufacturing) and Rickford Builders.

Tull Mechanical, Colman & Co. (Agricultural), Walf Confectionery, Romsey Tooling, Uppal Foods, Redmoor Timber Frame and Vinaglaze.

Wilkinson & Gross, Spireform, Graeme Wines, Lintel Communications, Bowprint (Midlands), Triple Press and Salbray.

Black Knight Cars, Foster Clements (Training), Robert Spong, Melody Mills plc, G.M.R. Vehicle Recoveries, Alston and Young and Zeno Editions.

Roharden Construction Services, Heat Master Sealed Units, Chigcourt, Bunderplan Finance, Io Technology plc, John Scammell & Company, Standard Insulation and Luciano Italian Footwear.

Tom Hill Holidays, Three Crown Sports (Hull), Parkhill Offshore, Septimus Seafoods, Humble Copywrights, J.S.M. Consultants, The Oceanus Mutual Underwriting Association and P.D. & M. Construction.

Tubalview, Sasbeast, Herongate and Sensors and Systems.

COMPANY NEWS IN BRIEF

Over 90 per cent of the 3.14m **Scottish Television** non-voting "A" ordinary shares offered by way of rights have been taken up.

The balance of the shares have been sold and the excess over subscription price of some 19.95p per share will be distributed to those provisional allottees originally entitled thereto, except that no payment will be made of amounts less than £2, which will be retained for the benefit of the company.

* * *

An increased interim dividend of 1.3p net against 1.2p has been declared by the **Scottish National Trust** for the half-year to the end of March 1984. The directors expect to pay a final of not less than the 2.7p paid for 1983.

* * *

The directors of **British Thoroughbred Racing and Breeding** intend to make a secondary offering of shares at £220 per £200 share in the course of the next six weeks. They have requested that dealings in the shares be temporarily suspended until the issue closes.

* * *

Net asset value per 50p capital share at **Archimedes Investment Trust** improved from 176.54p to 219.75p in the six months to April 30, 1984. A first interim dividend of 4p net—up from 3.7p—is being paid, and the increase is to reduce disparity.

Gross revenue rose from £81,582 to £105,773. Expenses were higher at £13,730 (£11,546), and tax was up from £20,881 to £27,813, leaving £64,430 compared with £48,135, or 5.26p (4.01p) per share.

* * *

Net asset value per 25p share of **Northern American Trust** increased from 272.5p to 314.8p for the six months ended April 30, 1984.

The interim dividend is unchanged at 1.4p from earnings of 2.48p (2.42p) per share. Revenue came through at £855,000 (£836,000) after tax of £472,000, compared with £483,000.

* * *

The tea subsidiary of **Moran Tea Holdings** produced a record crop in 1983 and with the substantial increase in selling prices, both in India and the UK, is now trading at a very satisfactory level of profit.

The remittance of past profits has resumed following agreement of disputed tax of secretarial remuneration and these are expected to be received during the next 12 months.

The interim dividend is 4p (nil) net per £1 share—final for 1982 was 1p.

* * *

The directors of **Owen and Robinson**, jeweller and diamond merchant, have decided to pay an interim dividend of 10p per share. This compares with an interim 3p and final 7p per share for the year to May 31 1983.

When the company announced results for the half year to November 30 1983 it decided "reluctantly" that it could not declare an interim dividend. They state that there is likely to be only a small improvement in trading profit for the current year, but intend to pay a dividend in respect of 1984 of at least a similar amount to that paid last year.

Because there are advantages to the company in paying a dividend before May 31, rather than waiting until October 1984, the directors have declared the interim dividend payable May 30.

SHARE STAKES

W. G. Allen—Modelburst purchased 5,000 ordinary shares and disposed of 10,000. Total holding is now 417,500 (11.22 per cent).

Tozer Kemsley & Milbourn—Coast Investment & Development has purchased 100,000 shares and is now the beneficial owner of 2,700,000 (5.03 per cent).

Prince of Wales Hotels—Quality Inns is the beneficial holder of 1,328,252 shares (11 per cent).

F. H. Tomkins—Mr C. F. Hutchings, director, Simon & Coates, and County Bank are interested in 6,876,975 ordinary shares.

DRG—Cazenove and Co have notified that J. S. Camm, D. F. McPhee, H. B. Jorgensen, J. M. Wolley, director, in their capacity as trustees of the T. W. Griffiths Charitable Trust have sold 6,500 shares.

William Jacks—Mr A. J. M. Ramsay, a director, has sold 20,000 ordinary.

FINANCIAL TIMES SURVEY
Wednesday May 23 1984

European Space Programmes

Commercial and industrial interest in space is quickening as increasing numbers of companies seek the financial and technological benefits. More funds are needed to ensure that Europe does not trail behind the U.S.

By MICHAEL DONNE
Aerospace Correspondent

COMMERCIAL INTEREST in space activities of all kinds throughout Western Europe is now quickening, as the business and industrial community becomes increasingly aware that this new frontier of technology offers almost limitless opportunities.

Until now, most commercial and industrial interest in space has been shown by those companies, primarily in the aerospace, electronics and associated industries, that have been responsible for the development of the hardware, which includes rocket launchers, scientific satellites for research or academic purposes, and for direct "applications" satellites.

The most immediate sources of cash returns have come through fees for telecommunications, Earth resources monitoring, weather forecasting and other services.

More recently, however, it has become clear that the exploitation of space is moving into a new era. This has stemmed from the increasingly successful series of flights by the U.S. Space Shuttle manned re-usable space transport system, the growing success of the unmanned European Ariane spacecraft launching vehicle, and now the firm U.S. determination to develop, with European participation, the world's first permanent manned space station by the 1990s, together with increasing interest in direct broadcasting from satellites.

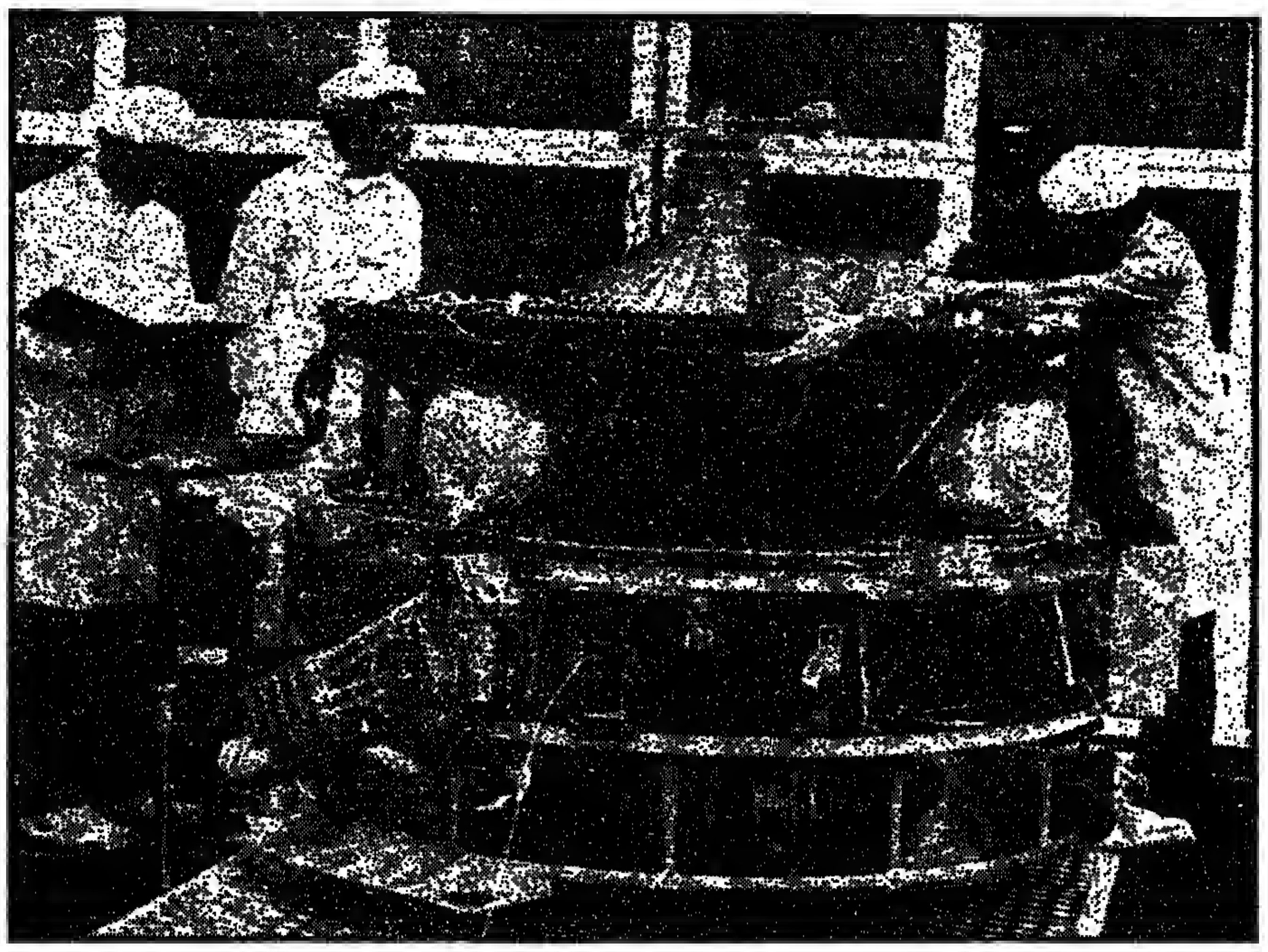
While much has been achieved in a few decades, this will be multiplied many times over in the decades ahead, and more and more companies are anxious to share tha benefits.

Western Europe is already experiencing a boom in space activities, despite criticisms from some industrial quarters that governments have not done enough to promote advances in this new arena of advanced technology, especially by comparison with the U.S.

There is some justification for this claim. The U.S., which gives considerably greater priority at government level to space activities than do the governments of Western Europe, now spends some eight times more on space through the National Aeronautics and Space Administration than Europe does through the European Space Agency.

Total U.S. space outlays, including military outlays, are 20 times greater than in the 13 countries of the ESA together.

It must be hoped that one immediate result of the quickening commercial interest will be that more cash will be made available, both on a commercial basis and through governments, to ensure that Western Europe does not get left behind the U.S. and other countries that are prepared to spend more on the development of their space industries.



The Giotto spacecraft now under development by a British Aerospace-led group for its launch next year, timed to enable it to intercept Halley's Comet when that body passes close to Earth in 1986. Giotto is one of the most complex scientific satellites yet developed

The entire cost of space activities throughout Western Europe is rising, and this rate of growth seems likely to accelerate through tha remaining years of this century.

Nevertheless, governments can fairly argue in response that they have borne much of tha burden of the initial funding of space development—Ariane, Spacelab (the European manned orbiting laboratory which is a major contribution to the Space Shuttle), and scientific and applications satellites of various kinds — and that it is now undeniably time for the industrial community itself to bear a bigger share of the funding if the full potential in Western Europe is to be realised.

The annual value of global space markets open to Western European institutions and commercial companies over the next few years (to 1990) has been estimated at about £1.3bn.

Of this, about £719bn a year will be spent on programmes run by government-sponsored organisations, either supranational, such as the European Space Agency itself, or individual national agencies (the so-called "institutional market").

This market will cover the continued development of such ventures as the Ariane launching vehicle (although the commercial exploitation of Ariane is now the responsibility of a specially-formed commercial group called Arianespace), and the Spacelab manned obltal workshop, Europe's contribution to the U.S. Space Shuttle, as well as various scientific and "applications" satellite programmes.

The rest of the annual outlay, about £581bn, is likely to be accounted for by the "commercial" space sector — that is, the activities of the commercial companies building spacecraft, ground stations and other equipment on a competitive profit-making basis, for buyers worldwide.

Of the £581bn, about £407bn is likely to be accounted for by tha "space sector" — tha provision of communications, Earth observation and other satellites and launch vehicles (including Ariane, through Arianespace), and £174bn for the ground sector, covering ground receiving and transmitting stations, equipment for translating tha data received from satellites into immediately usable information for a wide range of customers, and the provision of other services.

It has also been estimated that world demand for communications satellites alone—by far the fastest-growing aector of the space indnstry at present—is likely to average about 70 a year through to 1990, increasing annually thereafter. This market alone could be worth an averaga of more than £150m a year to Western Europe through the rest of this decade.

Western European governments can, and do, argue that commercial interests up till now have ridden on the backs of State-generated funds for space activities of all kinds, and that it is now tha commercial concerns that are likely to reap the benefits, rathar than the taxpayers who hitherto have paid most of the bills.

Nevertheless, a continued heavy reliance on Government funds seems likely for the immediate future, especially for scientific and other ventures that are not readily commercially exploitable.

Nevertheless, efforts to exploit government-funded ventures commercially are being msde—tha most significant being the formation of Arianspace to market the long-term potential of the Ariane rocket as a spacecraft launch vehicle for customers worldwide. Arianspace now has firm orders *for some 30* vehicles over the next few years, with options on at least another 15.

While lack of available cash overall may have restricted tha scope of European developments in space, an immense amount has been achieved, and the quality of European activities is in no way inferior to that of the U.S. Many major companies in the European areospace and electronics industries already either compete directly with their U.S. counterparts for the growing markets for satellites of all kinds, or actively collaborate with them in international consortia to bid for the expanding business — especially the provision of regional communications satellites.

The fact that the U.S. itself is anxious to see Western Europe participating in the forthcoming development of the manned space station is indication enough of the respect that the National Aeronautics and Space Administration has for European space science, and

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CONTENTS

Plans for DBS—television broadcasts from space—are progressing despite the complications

Dilemmas over satellite broadcasts

IF ALL THE words written about direct broadcasting by satellite (DBS) in Europe could be turned into subscribers to the new television services from space, uncertainty could be turned into commercial success overnight.

However, the clear vision of a high-power DBS satellite beaming film channels from a geostationary orbit 36,000 kms above the equator to small dish aerials on individual homes—and the hopes of export markets for European satellite manufacturers—has become clouded because:

- DBS has become tangled with the industrial policies of some Governments;
- There are fears that the receiving equipment may be more expensive than consumers are prepared to pay;
- Agreement on a European standard for the receiving equipment which would have helped to drive the price down has not been reached;
- Some argue that the big high-power satellites may have been rendered obsolete by the speed of technological change before they are even launched;
- Worries over where the quality programmes are going to come from to entice the consumer;
- Arguments that using low power telecommunications satellites to feed pictures to cable television networks would make a cheaper and more coherent system.

But despite rapid swings in mood between pessimism and optimism the future of DBS in Europe is slowly taking shape. Work goes ahead in dust-free assembly halls on Germany's first direct broadcast satellite TV-Sat and its French counterpart TDF-I.

When they are launched late next year the two satellites, built under a 1980 Franco-German co-operation agreement (with Belgian industrial participation), will cover all of their countries with three extra channels.

TDF-I is likely to carry, as a result of an agreement with Luxembourg one French language and one German language channel from Radio Television Luxembourg and one channel from France.

The German satellite will probably carry a radio channel, a channel shared by the traditional broadcasters ARD and ZDF and a channel run by a private operator.

If second satellites are ordered to make the system fully operational with extra backup—and they have not been ordered yet—each country would have five channels each. But as the decision is awaited on whether France will go ahead with TDF-2, the French Government has decided meanwhile to go ahead with an ambitious cable television programme based on fibre optic technology. It is not clear how if at all, this will affect future French policy on DBS.

The French Government was warned in a recent study by M Gerard Thery, former head of telecommunications for the French PTT, that the speed of technical change, particularly in improvements in efficiency in receiving equipment, might pose difficult dilemmas for European Governments over DBS.

M Thery believes that such improvements should be used to reduce the power and cost of satellite transponders to allow more channels, although he concedes that this might increase interference levels.

Efficiency

The French specialist warned at a conference in London earlier this year that the changes in antenna efficiency would mean that "the technological and industrial advances gained in Europe in high-power satellites would have to follow different directions or to find different markets."

Even though this debate is not finally settled, the Scandinavians are scheduled to follow the French and Germans into space in early 1987 with a derivative of the Franco-German DBS satellite.

Norway, Sweden, and Finland will each have their own channel.

The European Space Agency's Olympus programme will also in 1987 allow Italy to have a DBS channel with an additional channel available for the first pan-European DBS television service.

The state of DBS is probably as confused in Britain as anywhere else. Britain's broadcasters, the BBC and the ITV companies, have been holding talks with Government representatives about the possibility of a joint DBS venture.

The talks followed a decision by the BBC that it could not go ahead with a venture that could cost £400m over the seven-year life of the satellites.

Earlier this month, Mr Leon Brittan, Home Secretary, moved away from an earlier stipulation that there should be clear competition in space between the broadcasters and independent organisations.

He cleared the way for a joint venture by giving the BBC/ITV venture a relative monopoly, though with a minority independent stake in the region of 20-25 per cent. To entice the ITV companies to participate, they were told their franchises for terrestrial broadcasting are unlikely to be readvertised when next they become due in 1989. The effect will be that the existing companies should hold on to their franchises until 1997.

At the beginning of this year, work stopped on the three-satellite systems being build in the UK by United Satellites, a consortium which group British Telecom, British Aerospace and GEC Marconi at the beginning of this year.

It is unlikely to start again until firm financial assurances are given that the BBC/ITV joint venture is definitely going ahead. Several months of negotiations now seem in prospect with time running short if Britain's DBS service stands any chance of opening in late 1987.

The joker in the DBS pack is Ireland. Like all European nations, it has the right to five channels and shows every intention of using them. Its satellite position at 32 deg. West gives it a satellite "footprint" covering most of the UK, Spain and Portugal.

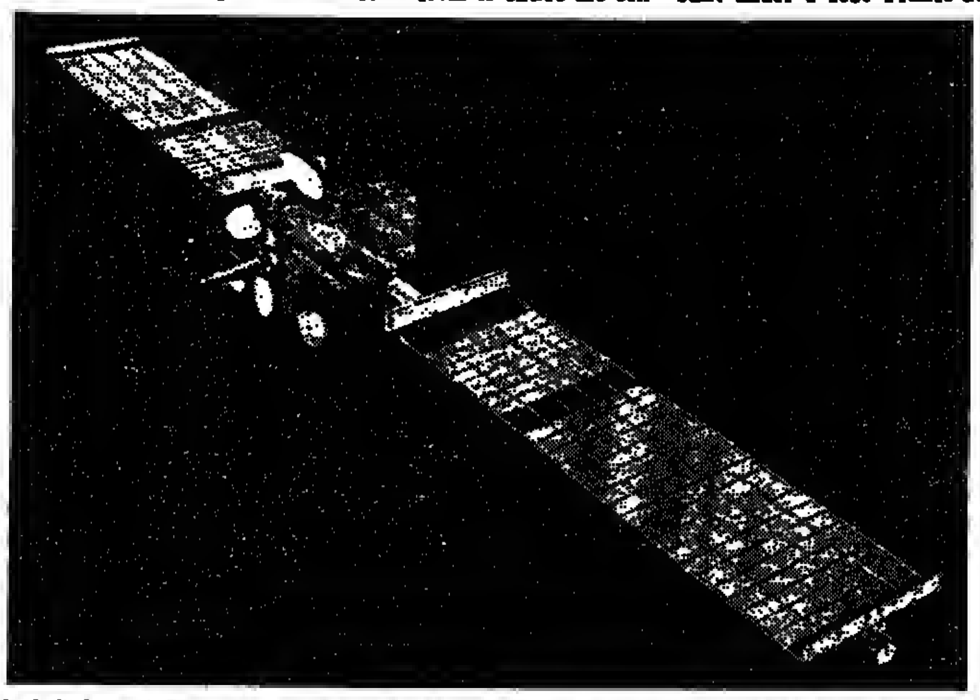
A strong consortium called Westsat has been put together in Ireland and is seeking—against competition—permission from the Irish Government to be a satellite operator. It is made up of RTE, the national broadcasting organisation, the Irish PTT, Allied Irish Investment Bank and the Guinness Peat Aviation.

If the application to the Irish Government is successful, RTE would be the programme provider together with others as yet unnamed. Westsat is talking with all the main satellite manufacturers and is also in discussion with Spain and Portugal on sharing the satellite.

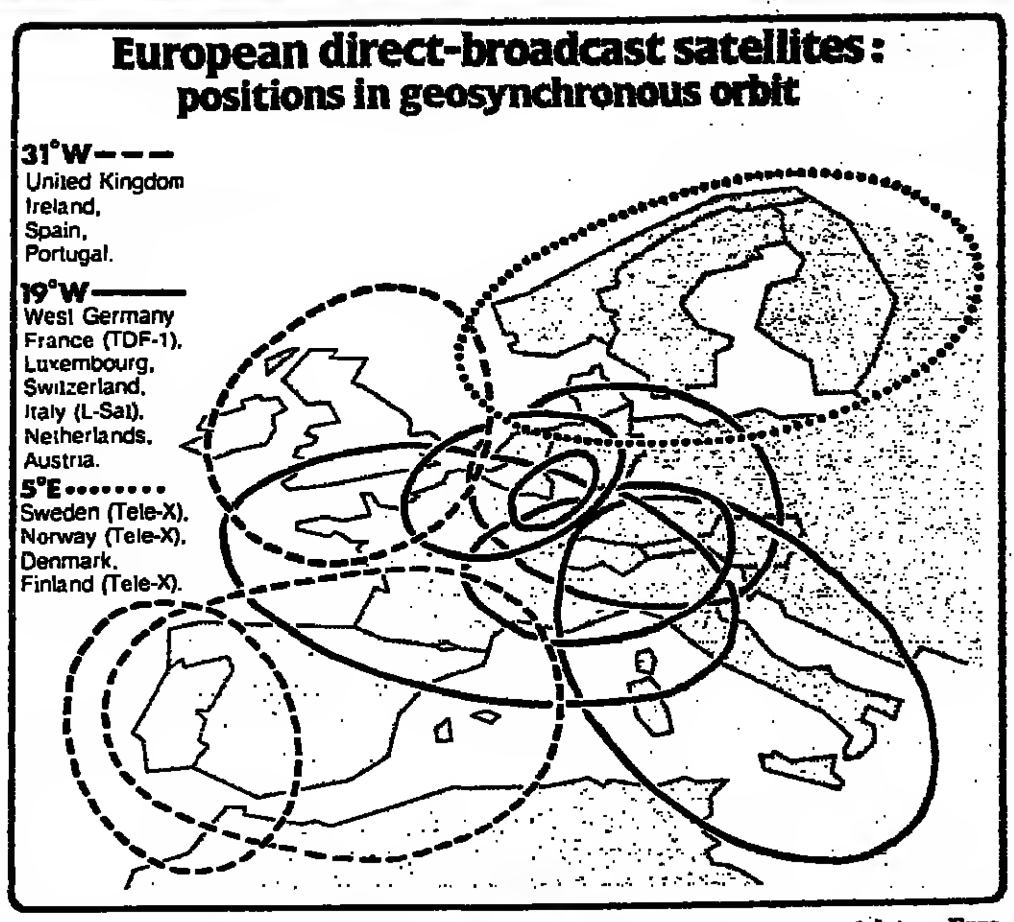
Mr George Waters, director general of RTE, says Westsat's plans are solidly based and that capital is in place if the go-ahead is given. Mr Waters believes the Irish satellite could fly by 1986-87 and might yet beat the British DBS system into service over its own territory.

Like many broadcasters Mr Waters believes that cable will spread through Europe more slowly than expected and that there is a valid market opportunity for DBS.

Raymond Snoddy



Artist's impression of the British Aerospace Olympus 1 spacecraft. This satellite is the precursor of a series of satellites for direct TV broadcasting and other forms of communication. Olympus satellites will be among the most powerful ever launched, with solar arrays spanning 27 metres. Future Olympus models could span nearly 57 metres, wider than a football pitch



The chart, produced by Aerospatiale of France shows the extent of coverage of future European Direct Broadcasting Satellites

Companies seek financial and technological benefits

CONTINUED FROM PREVIOUS PAGE

especially for the Spacelab, which seems likely to be the core around which a European participation in the manned space station will be built.

Although an increasing volume of work is now being done independently in Western Europe by commercial companies and groups, much of the mainstream of space activity is still generated by the European Space Agency, the international organisation set up in 1975 to take over the activities of two predecessor organisations, the European Launcher Development Organisation (ELDO) and the European Space Research Organisation (ESRO).

This year, the ESA is celebrating 20 years of collaboration in space. Its activities can conveniently be divided into several broad streams:

Among the most significant are the continued development of the Ariane spacecraft launching rocket, with Ariane 4 now under development, to become operational from 1986, and intended to be capable of launching individual payloads of between 2,000 kg and 4,300 kg into near-Earth orbit.

Expansion of the Kourou (French Guiana) space base, with the provision of a second launching platform there, is part of the overall plan to give Europe a viable long-term rival to the U.S. Space Shuttle for the launching of unmanned payloads into space.

The next most significant European development through the ESA is the continued exploitation of Spacelab. This manned orbital workshop has already been used successfully on one U.S. Space Shuttle flight, and further Spacelabs are being built for direct use with the Shuttle.

Although detailed plans for European participation in the proposed U.S. manned space station have not yet been completed, it seems logical to expect that the European Spacelab, as a complete manned workshop that has already been proved in its own right, will be the basis of that participation, although other elements of the space station may also be provided from Europe, either on an international basis through the ESA or through individual commercial companies.

While the development of both the Ariane and Spacelab are likely to be the most publicly visible, as well as the most expensive, continuing European contributions to the space effort, there are several other broad streams of endeavour through the ESA. The scientific spacecraft programme is a basic element of all ESA activity, covering a wide range of disciplines and aimed at studying both the Earth's environment and near and distant celestial bodies.

Key ventures include the contribution to the U.S. Space Telescope that is to be placed in orbit in 1986 by the Space Shuttle. The European contribution will include provision of the faint object camera, and the solar array, and a share in the experiments to be conducted by the Space Telescope.

Measurement

Other ventures in the scientific programme include exploration of deep space by a solar probe, due for launch in 1986 by the Space Shuttle; the Hipparcos satellite for astronomical measurements; a space probe, called Giotto, to fly through the coma of Halley's Comet when it approaches Earth in 1986; and the Infra-red Space Observatory for launch in the early 1990s.

Further scientific ventures include studies into microgravity environment; plans for a satellite to study the Sun's interior, corona and its interplanetary environment; and an orbiter of Mars for a variety of studies. Looking further ahead, the ESA is considering plans for an X-ray multiple mirror satellite; an ultra-violet observatory; a space-borne radio telescope; and asteroid rendezvous mission, and a mission to Saturn.

All of these ventures will bring a substantial volume of business, estimated at several hundred million pounds, to the industrial companies throughout Europe that will be engaged on the design, development and construction of the spacecraft involved.

But it seems likely that the more immediate industrial benefits will stem from both the ESA's own "applications" satellite programme, and the commercial satellite ventures undertaken by individual companies on their own account.

The applications programme of ESA covers a wide range of telecommunications, direct broadcasting, earth observation and meteorological satellites, including further satellites in the Meteosat Series; the ERS—1 Remote Sensing Satellite programme, for launch towards the end of the decade; a second Marecs satellite for maritime communications purposes; and the big Olympus programme of large satellites for a wide variety of telecommunications payloads.

In addition, the ESA continues an extensive technological research programme aimed at the advancement of space technologies as a whole.

For all the efforts by the ESA, however, much of Europe's space effort remains fragmented. There is intense competition between different countries and individual companies within those countries to seize some share of the expanding scope of space activities, especially in the applications satellite field, and especially in telecommunications and the rapidly-emerging field of direct broadcasting.

Franco-German programmes, for example, including the TDF-1 (Telefusion de France 1) and West German TV-Sat, with some industrial participation by Belgium. In this programme, two common satellites, costing some DM 520m, together with one back-up model, are due for launch in 1985, designed for direct broadcasting. A derivative satellite, Tele-X, is under development for Sweden, Norway and Finland, and will be launched early in 1987.

Coherent

On an internationally collaborative level, Eurospace, a group of major industrial companies deeply involved in space activities, and including British Aerospace, Ferranti and Marconi of the UK, Aerospatiale of France and Messerschmitt-Bolkow-Blohm of West Germany, has been working for some time to put together a new, coherent long-term programme for advanced space activity in Western Europe.

However, such a programme cannot be undertaken alone by the companies involved, in view of the massive costs likely to be involved. Inevitably, despite private sector criticisms of past government lethargy in supporting space developments, the commercial sector will have to continue to rely on government-funded programmes.

This is a similar situation to that prevailing in civil and military and guided weapons markets in the aerospace industries of Western Europe, where some individual projects may be private-venture funded, but where many others such as the Airbus and combat aircraft, remain largely dependent on governments for finance.

For the long-term future in Western Europe, it seems clear that while independent commercial funding will increase, the bulk of the funds will still have to come from governments, and probably through the European Space Agency. It is difficult to see how the large sums that are likely to be involved in the continued long-term development of Ariane, the Spacelab, the prospective European contribution to the manned space station, and extensive scientific programmes for both near-earth and interplanetary exploration, can be met from commercial sources.

Space development in Western Europe must continue to be a dialogue between commercial interests and the governments holding most of the purse-strings, but the closer and more harmonious that dialogue becomes, the better it will be for the entire Western European space effort.

The biggest supplier of communications satellites outside the U.S. is the Space and Communications Division of the Dynamics Group of British Aerospace, while also offering a wide variety of other space vehicles and equipment. Starting with the Orbital Test Satellite, OTS, in 1978, the division has developed a range of communications satellites of increasing size, mass, complexity and power.

In addition to the Marecs maritime communications satellites for the Inmarsat (International Martime Satellite organisation), these include the European Communications Satellites for European trunk and business telecommunications and TV distribution; two Skynet IV spacecraft for the UK Ministry of Defence; the Unisat for United Satellites, for direct TV broadcasting; and the big Olympus 1, the first of a class of spacecraft that will be among the most powerful in the world, for European telecommunications and direct broadcast TV.

In the scientific satellite field, the division also maintains a prominent position, evidenced by its role as prime contractor for the Giotto spacecraft to intercept Halley's Comet, and its part in the design and construction of most of the scientific spacecraft launched for the European Space Agency; while it is also the supplier of the large solar array for the NASA/ESA Space Telescope.

To date, British Aerospace has acted as prime contractor, principal contractor and equipment supplier on a total of over 35 successful satellites, and by 1986 this number will have risen to 50.

European Space Programme 3

The voyage to intercept Halley's Comet symbolises European scientific co-operation

Encounter in space

IF ALL GOES well on the night of March 13-14 1986 there will be a brief encounter in space approximately 150m kms from the Earth and 133m from the Sun.

It will last four hours at the most when Halley's Comet and the Giotto spacecraft from the European Space Agency will be travelling in different directions at a passing speed of about 150,000 miles an hour.

In that time the spacecraft which will be launched by Ariane I next summer will be passing through the atmosphere of the comet which approaches the Earth every 76 years.

Ten experiments using instruments obtained by the ESA from leading research institutes in Europe will be carried out. Multi-colour cameras will obtain images of the comet's nucleus nd the surrounding atmosphere.

Other experiments will include analysis of the comet's plasma and its interaction with the solar wind, and an investigation of the mass, distribution and dust cloud associated with the comet.

Data

The mission is a dramatic exampla of bow the scientific work of the European Space Agency—a core programme supported by all its members—is helping to put European science into space on projects too expensive for one nation to tackle alone. Giotto, will cost about £34m for what is hoped will be one glorious burst of cometary data picked np by the Parkes Radio Telescope in Australia.

Full electrical and electromagnetic tests were completed on the full-scala electrical engineering version of Giotto by British Aerospace, tha prime contractor, earlier this year and the spacecraft is due for delivery to ESA in January.

Giotto is perhaps the most spectacular example of the ESA's long-term programme to study both the immediate environment of the Earth and relatively close and distant celestial bodies.

Europe is also making a significant contribntion to NASA's space telescope programme. The plan is to launch a 2.4 metre telescope by the Space Shuttle in 1986. Europe's input wil lnclnde the provision of the faint object camera and the solar array. Other major scientific projects include:

- The exploration of deep space by a European probe to be launched in 1986. It will send back information on the space above the poles of the Sun where no spacecraft has yet travelled;
- Hipparcos — a satellite which will provide astronomical measurements more accurate than has been possible so far;
- IOS—the launching in the early 1990s of an infrared space observatory to study the infra-wave length region.

Other possibilities for tha future include a spaceborna radio telescope and a mission to Saturn and its moon Titan.

Much closer to Earth, the successful operation of Meteosat 1 and 2 has encouraged the setting up of a major new meteorological satellite programme to improve international weather forecasting. Another three Meteosat satellites are due to be launched between 1987 and 1990 to provida images of tha Earth and its cloud cover.

The ESA is also planning to launch towards the end of the decade a pre-operational observation satellite for remote sensing.

This programme would be mainly aimed at surveillance of oceans and ice monitoring. But would also provide information on climatology and on offshore oil activities and ship routing. Future technological applications of satellites could lead to the design of satellites devoted to solid earth physics-geodesy and geodynamics.

The largest expansion in the need for satellites, however, will come in the telecommunications field. Intelsat, the telecommunications organisation set up by treaty to provide international communications by satellite, believes that its traffic will increase from about 63,000 circuits at present to as many as 500,000 by the end of the century.

On a smaller scale some sign of that growth is starting to be seen in Europe.

Eutelsat, the international organisation which operates communication satellites for Western Europe, said last month it would invite tenders for three new satellites costing about $200m.

They are designed to supplement the first five satellites—the ECS series being built by British Aerospace. The first, which is already in orbit, is distributing television pictures to European cable networks as well as handling telecommunications.

Contracts for the new craft, which will have up to 16 transponders—the devices that receive and retransmit radio waves—will be placed next year.

Apart from communications satellites operated by Eutelsat, several individual European nations are also planning their own commmnications satellites.

West Germany is dne to launch a satellite called Copernicus which will include transponders suitable for distributing programmes to cable television in 1987. France plans to launch two Telecom-1 satellites, largely for business communication, late this year or early next. One of the most interesting projects coming over the horizon is Olympus, the biggest satellite yet built, dne to be launched by Ariane in 1987.

The European Space Agency last month signed contracts with British Aerospace Dynamics Group and Selenia Spazio of Italy for the manufacture of the payload of Olympus.

The satellite, which will have a total cost of about £250m, will have two direct broadcast channels. But the main aim of the programme is to develop and test a large platform which can carry a wide variety of different telecommunications payloads. This will include special data communications and transmission systems for business and industrial users.

The ESA this month has awarded two study contracts to see what sort of information dissemination uses Olympus could be put to.

Considered

Video-conferencing and conventional television distribution will be exclnded because they are already well catered for elsewhere, but all other information ideas will be seriously considered.

There is also going to be large-scale European involvement in the manufacture of a new generation of satellites for the International Maritime Satellite Organisation (Inmarsat) costing £350m and due to become operational from 1988.

Two international groups have tendered for the nine satellite system to be used for ship communications. One is beaded jointly by British Aerospace's Dynamics Group and Hughes Aircraft of the U.S.; the other by Britain's Marconi Space Systems together with Ford Aerospace and Communications of the U.S. and Aerospatiale of France.

As new contracts are let for larger and more sophisticated satellites, one obvious use for satellite communications is however still unsatisfied—an aeronautical satellite communication system. Even that may not be that far over the horizon.

Mr Olaf Lundberg, director general of Inmarsat, suggested recently that some airlines have indicated they wonld like to experiment with satellite communications even before Inmarsat's second-generation satellites were in place.

Raymond Snoddy

SOME MAJOR EUROPEAN SATELLITE PROGRAMMES

MESH CONSORTIUM	
British Aerospace	GB
Matra	France
Saab Scania	Sweden
Erno	West Germany
Aeritalia	Italy
Fokker	Netherlands
Inta	Spain
Contracts	OTS, ECS, MARECS
Prime Contractor	British Aerospace for all

OLYMPUS CONSORTIUM	
British Aerospace	GB
Aeritalia/Selenia	Italy
Spar Aerespace	Canada
Fokker	Netherlands
Contract:	OLYMPUS
Prime Contractor:	BAe

SATCOM INTERNATIONAL (Joint Venture Company)	
Partners:	British Aerospace & Matra (France)
Present Task:	Development of EUROSTAR Business
Possible Users:	United Satellites (UNISAT) and, CNES (France) (ATHOS)

GIOTTO CONSORTIUM	
British Aerospace	GB
Dornier System	West Germany
AEG Telefunken	West Germany
ETCA	Belgium
FIAR	Italy
Fokker	Netherlands
Laben	Italy
SEP	France
Thomson CSF	France
VMW	Austria
Electronikcentralen	Denmark
Prime Contractor:	British Aerospace

INMARSAT BID: Bids submitted for next generation of maritime communications satellites by British Aerospace/Hughes Aircraft (U.S.)/Matra (France); and Marconi/Ford Aerospace (U.S.)/Aerospatiale (France).

DIRECT BROADCAST SATELLITES:	
Joint Venture Company:	United Satellites
Partners:	British Telecom, British Aerospace, Marconi
Purpose:	to supply UNISAT

EUROSATELLITE	
Partners:	Aerospatiale (France) and MBB (West Germany)
Principal products	Arabsat regional communications satellite; and TDF-I and TV-Sat (for European direct broadcasting).

This re-usable laboratory enables teams of astronauts to work in shirt-sleeve comfort

More missions for versatile Spacelab

THE SPACELAB, the manned orbiting laboratory which made its first journey into space late last year aboard the U.S. Space Shuttle, represents Europe's contribution to manned spaceflight.

Designed and developed by a consortium of European companies headed by ERNO of West Germany, the Spacelab represents already an investment of more than $1bn. This is likely to rise in the future, not only as further Spacelabs are built to meet requiremeots for further missions in the Space Sbuttle, but also because Spacelab now seems likely to be the core around which any future European participation in the projected U.S. Manned Space Station will be built.

This is because Spacelab is the only modular laboratory system — in effect, a manned orbiting workshop — available to fit into the Space Shuttle Orbiter's large cargo bay. Spacelab consists of two elements: an enclosed, pressurised laboratory containing utilities, computers, work areas and instrument racks for experiments, in which teams of astronauts can work in space in shirt-sleeved comfort; and unoressurised platforms, called pallets, where such equipment as telescopes, antennas and sensors are mounted for direct exposure to space.

These units may be used separately or in various combinations, returned to Earth, and re-used on other flights. Spacelab can be outfitted with several tons of laboratory instruments for studies in astronomy, physics, chemistry, biology, medicine and engineering.

The habitable laboratory aection itself consists of two parts: the core and experimental section, which can be used in a long configuration (both parts together) or a short configuration (core part only) to provide a shirt-sleeved laboratory environment.

The core section contains all the essential sub-systems, while the experimental section offers additional space for experiments. Scientists working in the laboratory module can bandle equipment, react to unforeseen developments or data as experiments proceed, change plans and even change the direction of their research in a way that cannot be achieved with remotely-controlled payloads on satellites

The other major element is the unpressurised pallet, a mounting platform for instruments or experiments that require open exposure to the space environment. As many as five Spacelab pallets can be flown in the Orbiter's cargo bay, individually or with two or three linked together in "trains."

Resources

These various Spacelab elements thus comprise a flexible platform in space for a wide variety of experiments and missions. But Spacelab depends on the Shuttle: it cannot fly in space by itself. It can be used only inside the Shuttle's Orbiter vehicle and sharing the Orbiter's own resources. The Shuttle provides Spacelab's transport to and from space, vehicle attitude control and manoeuvring capability, utilities services, crew living quarters and some storage area.

The Shuttle-Spacelab combination serves, in effect, as a short-duration space station for scientific research but which is also capable of infinite adaptation for an ever-widening range of uses.

Its versatility as a multi-disciplinary research centre in space is invaluable to scientists, and its availability for bundreds of experimenters is ensured by the fact that it can be used again and again, in different configurations to serve different requirements. It is this versatility that is likely to make Spacelab, or developments from it, vital for the eventual success of the proposed Manned Space Station.

At present, with one Spacelab fully operational, a second bas been ordered by the U.S. National Aeronautics and Space Administration, and further units will be ordered as reqnired. The next Spacelab flight in the Shuttle is currently set for later this year, with another mission in the spring of 1985, both designed as multi-disciplinary missions to demonstrate the Spacelab's capabilities and verify its performance.

Beyond that, further missions are being planned for a variety of specific tasks. In late 1985, Spacelab will fly as part of the overall Space Life Sciences Laboratory, devoted to research related to the safety, well-being and productivity of humans in space and to fundamental problems and gravitational biology.

Further missions will include a Space Plasma Laboratory mission in 1988, a Solar Optical Telescope Mission in 1990 and an Infrared Telescope Facility Mission, also in 1990.

The launch schedule already drawn up by NASA lists more than 30 Spacclab flights in the Shuttle for a wide variety of missions up to 1990. Well before the end of this decade, bowever, the role of tbe Spacelab in the projected Manned Space Station will have been settled, and further Spacelabs, perhaps even larger than those now available, will be under development for the most exciting manned space mission yet attempted.

Michael Donne

European Space Programme 4

NASA is encouraging participation by many companies, though the vehicles' uses have yet to be decided. **Lynton Mclain reports**

Manned space station of 1990s has immense potential

THE PACE of development is accelerating towards the launching, in the next decade of the West's first manned space station. Decisions are imminent on the broad definition of the space station concept to be adopted by the U.S. National Aeronautics and Space Administration (NASA) and could be taken this summer.

The aim of NASA is to get industry in the U.S. and elsewhere, including Europe, to have the components ready for assembly into a manned station in low earth orbit, using the Space Shuttle for transport, by the early 1990s.

Like the earliest aircraft, the space station as a concept has immense potential. The problem facing NASA and European agencies interested in the idea, is to decide what the space station can and should do. At the present it is an idea without a fully defined role.

Even so, European aerospece companies and the European Space Agency are almost certain to play a part in the space station project, but in ways that are not yet clearly defined.

The encouragement of potentiel indnstrial and scientific users of the station is already under way with vigour and this may turn out to be the main area of European involvement, either on the station itself or on so-called co-orbiting satellites that would ride tethered or free alongside the main structure.

President Reagan invited participation by countries outside the U.S. in his State of the Union address on January 25. His goal was to have Americans living and working in space, permanently, within a decade.

The decision to invite other countries was "to deepen the U.S. commitment to work with all nations in the peaceful exploration and use of space." In particular, the U.S. wanted its "friends and allies" to participate in the use of the completed space station and or to cooperate in its development.

The effect would be to spread the cost. This has been estimated by NASA at $8bn by the time the station is operational in orbit.

The statement by the president signalled the formal U.S. commitment to its "next bold step in space." Money had already been spent, however, and work had already been carried out on space station ideas long before his State of the Union address.

The first work by NASA on space station studies was done 20 years ago, but the activity most relevant to the current initiative started about three years ago when NASA study contracts were given to eight of the lesding U.S. space technology companies.

Studies

The companies involved are Boeing Aerospace, Rockwell, General Dynamics, Martin Marietta, Grumman, Lockheed, McDonnell Douglas, and TRW.

Further studies have also taken place and been completed in Europe for the European Space Agency, with the specific aim of finding possible roles for Europe in a future U.S. manned space station.

The report "European Utilisation Aspects of a U.S. Manned Space Station" has made a first assessment of representative European payloads as possible candidates for use on a manned space station. The report was prepared by DFVLR, the West German national aeronautics and space research organisation.

Major European industrial aerospace companies took part in the study project including the German MBB/ERNO and Dornier companies; Aeritalia, the Italian aerospace company; British Aerospace Dynamics at Bristol; and Matra of France.

In tha U.S. an estimated $25m has already been spant, ahead of the $8bn for the formal space station programme, on "user studies" to find out which industries and scientific disciplines might have uses for the space station.

The money has also been used by NASA through the major aerospace companies to help define tha broad concepts of what tha station should do and what it should look like.

NASA already has its own ideas about what it expects the eight U.S. companies to come up with. These ideas have not been published but are likely to be used as a yardstick to measure the concept studies by the aerospace companies.

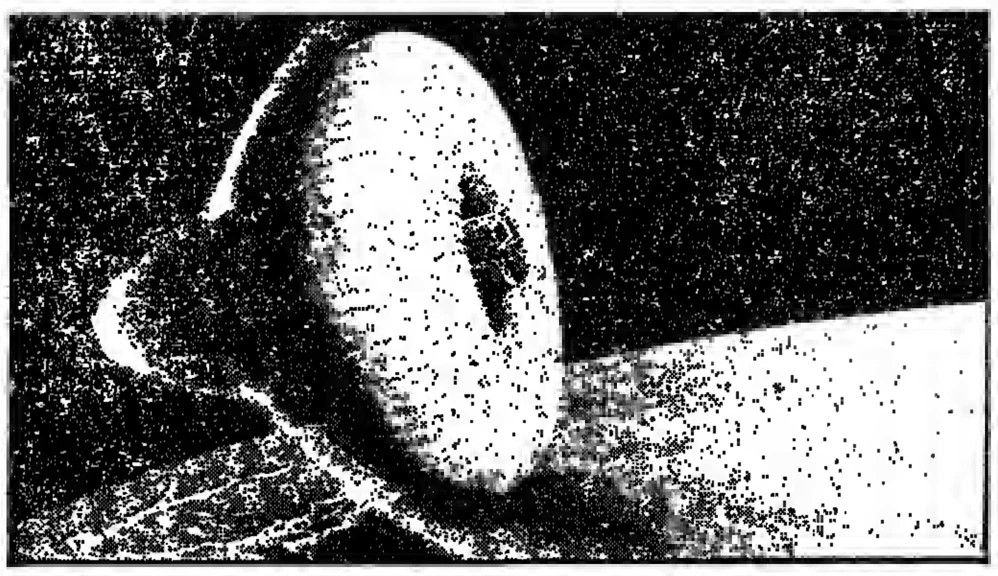
At this stage in the development of the manned space station, ideas about its role, its design and its usefulness to earth-bound industries and sciences have not been finalised. This is especially the case with the space station itself.

The U.S. companies involved in the NASA conceptual studies are gradually refining their ideas, but detailed designs determining the final shape of the station will probably have to await the outcome of NASA's appraisal of the different solutions submitted by the various contenders.

In Europe, by contrast, the studies of ways in which European industry and science can use the U.S. manned space station have reached a more definitive stage.

Candidate payloads which could be "beneficially supported" by a manned space station were identified by the DFVLR study of potential users of member states of the European Space Agency.

This was done after analysis of questionnaires prepared for NASA by the General Dynamics Convair division and adapted to circumstances in Europe.



Various ideas for manned space vehicles of the future are being considered by NASA. Boeing Aerospace has been studying the concept of Aero-assisted Transfer Vehicles such as this one to convey astronants and spacecraft between high and low Earth orbits in conjunction with the Space Shuttle

Identified

The European countries involved included West Germany, the Netherlands, Denmark, Sweden, Norway, the UK, France, Belgium, Spain, Italy, Austria and Switzerland.

One of the main characteristics of a manned space station, whatever its final design and shape, that could make it especially attractive to scientists is its ability to house experiments that could run for long periods in space and still be humanly monitored.

The European studies have identified a wide range of scientific disciplines that could take advantage of this feature. The common feature of these programmes are that they are designed to exploit the microgravity and hard vacuum conditions of earth orbits between 500 km and 700 km up, where the U.S. manned space station is designed to operate.

In materials science and processing, these natural phenomena of near-space could be exploited, according to the European study, to explore the development of technically perfect materials and processes.

Under microgravity, so-called because gravity in earth-orbit is between a thousandth and a millionth of earth gravity, perfect crystals could be grown. This may have important industrial applications, as the imperfect and impure silicon crystals grown on earth for microchip applications slow down electronic signals. Faster memories would be possible with pure silicon.

Similarly, alloys such as lead-aluminium alloys that are immiscible on earth, could be made to be perfectly miscible in space, and be used as material for the perfect mechanical bearing.

"He who has the key to the perfect bearing has the key to industry," says Mr Ivor Franklin, manager of future projects at British Aerospace Dynamics group, Bristol division. He was one of a small BAe team that supported the German DFVLR study team which produced the report on possible European uses of the space station.

Mr Franklin pointed out that electronic robotics' systems depend heavily on mechanical bearings and are often in use continuously, in automated assembly factories, with imperfect and inconsistent wear on bearing materials.

The production of perfect spheres under conditions of near-zero gravity has already been proven by a team at the German Batelle Institute, using British Aerospace Skylark research rockets. These rockets create up to eight minutes of zero gravity at the top of their flights.

Perfect solutions and perfectly pure pharmaceutical materials are also possible under microgravity and vacuum conditions. Pure drugs for the treatment of diabetes can also be made in space.

For materials and life scientists such experiments in space can give a better understanding of how processes work on earth, according to Mr Franklin.

Particles

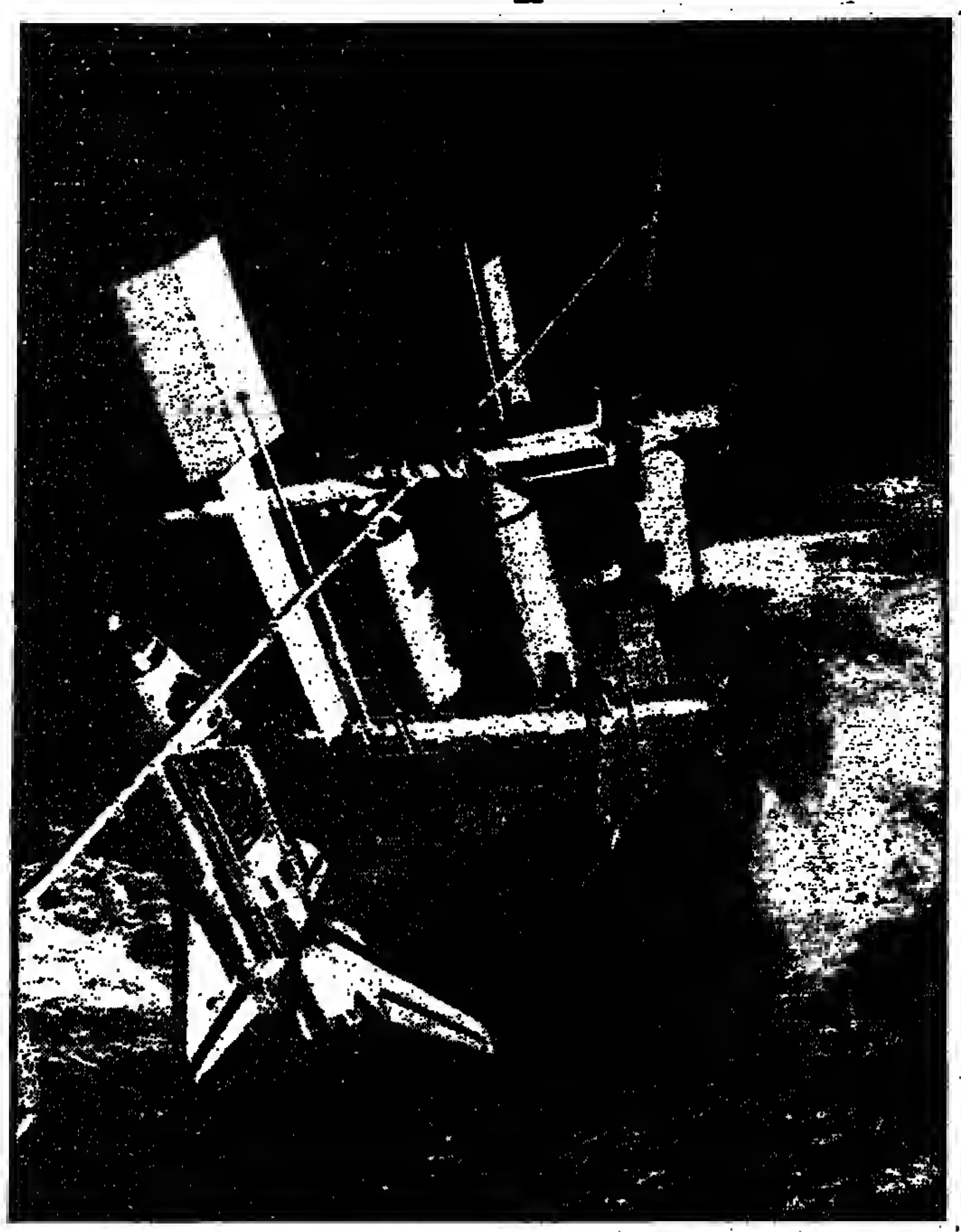
The pumping of powders such as flour and chemicals is still imperfectly understood on earth, but experiments under zero gravity have shown how powder particles behave under such "ideal" conditions. Lessons can be learnt from these conditions to improve processes on earth, BAe believes.

The efforts in Europe towards identifying possible European contributions to the manned space station have concentrated on experiments and identifying and encouraging potential users to become interested in considering space as a medium to benefit their work.

Possible European contributions identified by the latest study include the range of experiments in microgravity and vacuum conditions and also the possible development of hardware for housing these experiments.

This hardware could include a logistics module for the main manned space station, spacelab pallets, experiment modules, free-flying platforms and tethered satellites.

Other suggested contributions for Europe include deployable structures, solar arrays, thermal radiators, docking and berthing mechanisms, airlocks, spacecraft rotation and personnel survival mechanisms, sensors, view ports, optical windows, electronics and robotics and the wide range of other ancillary aspects likely to be associated with manned space stations.



An artist's impression of Boeing Aerospace's concept of the projected U.S. manned orbiting space station. The picture shows how individual habitable modules could be linked together to form the whole structure

Part of the problem for European companies, as in the U.S., is "to bridge the gap between the people knowledgeable about space, space technology and what space has to offer, and industrial specialists who have detailed knowledge of their own fields but may not know the potential of space," Mr Franklin said.

Ultimately, "European participation in the manned space station is dependent on Europe finding users for the space station's facilities," says Mr Franklin. He believes that the likelihood of European participation on the "core" of the space station—the physical hardware making up the bulk of the struture—is "remote."

The opportunities for Europeans to join and participate in the space station may be limited by the presence of the bulk of the funding money in the U.S. "U.S. companies will have the first bite of the main work on the station," he said.

"But we (Europe) will seek elements that are not totally dependent on the space station; this could include the co-orbiting satellite to work alongside the main station.

One aspect is already clear to European companies, Governments and the European Space Agency: Europe has to make up its mind on participation in the space station this year. The Japanese Government has already agreed to put money into the project.

European involvement in principle may possibly be decided by the time of the economic summit conference in London next month. This would be in time for the European Space Agency to report to NASA at its crucial meeting this summer, when NASA is to decide on the broad concept to be chosen for the space station.

After the setbacks, this month sees the rocket's first purely commercial launch

Ariane competing with U.S. technology

WHEN EUROPE'S space planners, led by the French, mounted the Ariane rocket project a decade ago, the goal was simply to provide European satellite launching bodies with an alternative vehicle to U.S. rockets to send spacecraft into orbit.

Ten years later, despite a series of setbacks and even doubts whether Ariane would ever become a reliable launcher, the European rocket is competing with U.S. technology on the world market for the commercial exploitation of space.

The persistence of European efforts to mount a prolonged effort to develop Ariane owes much of the tenacity of the French government. Although Ariane is built as part of the co-operative programmes of the 11-nation European Space Agency, the French have put up more than 60 per cent of the roughly $1bn ploughed into the rocket development.

Debut

The French National Space Agency (CNFS) and the nationalised aerospace concern Aerospatiale, which has overall responsibility for constructing the rocket in collaboration with more than 60 other European companies, play the main roles.

This month sees an important milestone in Ariane's career with the launching from the French space centre in Kourou, French Guiana, of its first satellite under purely commercial conditions. The ninth Ariane launch, planned for Tuesday, carried a satellite owned by GTE, the U.S. communications company.

It will be the first time that a U.S. aatellite has been placed in orbit by a non-American rocket. It also marks the debut of commercial responsibility for the rocket programme of Arianespace, a semi-private organisation set up to sell internationally Ariane space launchers.

The company, which operates from the new town of Evry, south of Paris, links a number of public and private sector shareholders, including European banks and aerospace companies. It is taking over the marketing of rocket launches from ESA, which has hitherto sold satellite space in the rocket mainly on the basis of governmental contacts.

ESA however, retains responsibility for upgrading the Ariane rocket to keep it in line with requirements for heavier satellites, mainly for telecommunications purposes, in coming years.

After years in which Europe has become accustomed to trailing in the space raca behind U.S. technical prowess, the Ariane programme has been given an unexpected boost by the failure of the U.S. space shuttle to put two satellites in orbit during its luckless Febroary mission.

The three-stage Ariane can insert satellites directly into geostationary transfer orbit 36,000 km abova the earth. The space shuttle, a much higher-performance machine designed primarily to put men and spacecraft into low earth orbit 200 or 300 km up, needs an additional rocket system to boost satellites into geostationary orbit, which impairs its reliability.

As a result of tha February accidents—in which two satellites belonging to Indonesia and the Western Union telecommunications company were given up for lost—NASA, the U.S. space agency, acknowledges that customers may be deterred from placing their equipment on the shuttle.

Investigations are continuing into the faults in the ancillary rocket module, made by McDonnell Douglas, used on shuttle missions. Until the cause of the mishap is rectified, Ariane will have a psychological advantage.

The European rocket has also had its own share of mishaps. But the last Ariane success—the launching in March of a 1.9 tonne Intelsat V telecommunications satellite—was the third in three missions since June 1983. It marked the sixth successful launch in eight attempts so far and all but erased the memory of the disastrous plunge into the Atlantic in September 1982 which set back the rocket programme by more than six months.

PROJECTED SCHEDULE FOR ARIANE LAUNCHES

	Flight No.	Ariane model	Payload
1984			
May	F9	1	Spacenet-1
July	F10	3	ECS-2 + Telecom-1A
September	F11	3	Marecs-B2 + Gstar-1A
November	F12	3	Arabsat-A + Spacenet-2
1985			
January	F13	3	Telecom-1B or SBTS-1 + Gstar-1B
March	F14	3	SBTS-1 or Telecom-1B + Spacenet-3
May	F15	1 or 2	Spot-1/Viking or Intelsat-V
July	F16	1	Giotto
August	F17	3	SBTS-2 + ECS-3
September	F18	2	TV-Sat
October	F19	2 or 1	Intelsat-V or Spot 1/Viking
November	F20	2	TDF-I
1986			
January	F21	2	Intelsat-VA-FU-15
March	F22	4	Ariane 4-01
May	F23	2	Intelsat-VA-FU-13
June	F24	3	D.L.
August	F25	4	Unisat-I (R) + D.L.
November	F26	3	STC (R) + D.L.
December	F27	4	Intelsat-VI (R)
1987			
February	F28	4	Tele-X (C) + Unisat-2 (R)
March	F29	3	DBSC-1 (R)
April	F30	4	Intelsat-VI (R)
May	F31	3	TDF-2 (R)
June	F32	3 or 4	DFS-1 (R) or Anik (R) + operational Metcosat-1 (C)
July	F33	3	L-Sat "Olympus" (C)
August	F34	4	Intelsat-VI (R)
September	F35	3	DBSC-2 (R)
October	F36	4	Intelsat (R) + Rainbow (R)
December	F37	2	Spot-2 (C)

Source: Aerospatiale

Negotiating

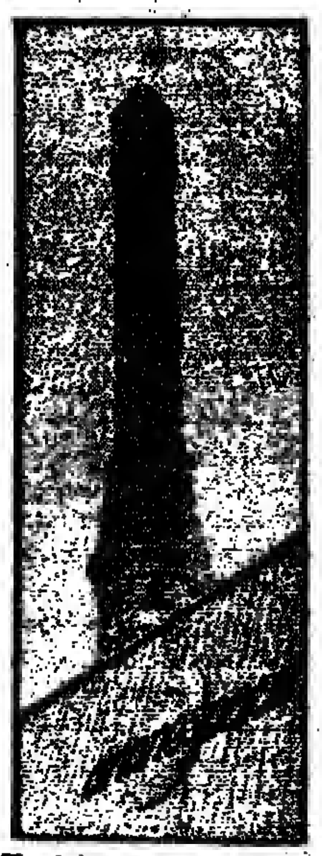
Arianespace now has an order book worth FFr 6.5bn for 28 satellite launches over the next few years. About 40 per cent of Arianespace's order book represents launches for customers outside Europe. In the key U.S. market it is negotiating with half a dozen companies to try to add to the orders it has picked up so far from GTE. Launch activity is assured until the end of 1987.

Two recent boosts have been the order won from Intelsat to launch a new Intelsat VI satellite scheduled to be sent into orbit in 1986, and reservations placed by China for launches of that country's planned television satellites in 1987 and 1988. The Intelsat VI craft, weighing 4 tonnes, will be launched by the improved Ariane 4 rocket designed to enter service in 1986.

Further ahead, France is pushing for ESA to adopt as a full European programme the development of an advanced liquid oxygen and hydrogen HM 60 power unit designed to propel a heavy-duty Ariane 5 rocket planned for operation in the 1990s. Design work so far has been carried out by SEP in France, Messerschmitt in West Germany and Volvo in Sweden.

This is a vital link in the chain which could lead to the launching of men and materials into low earth orbit with a French-designed mini-shuttle named Hermes—a key element in European plans to play a full part in assembling and using the projected U.S. space station.

David Marsh



The Ariane spacecraft launching vehicle, shown at last year's Paris International Air Show. It is Europe's rival to the U.S. Space Shuttle for putting unmanned payloads into Earth orbit, and has already attracted a long list of customers. Several advanced versions of the rocket are being planned, capable of progressively increasing the weight of the payloads that Ariane can put into space

EUROPEAN FINANCIAL CONTRIBUTIONS

	%
Belgium	5.00
Denmark	0.50
France	62.57
Germany	20.12
Holland	2.00
Italy	1.74
Spain	2.50
Sweden	1.30
Switzerland	1.30
United Kingdom	2.47

Source: Aerospatiale

FINANCIAL TIMES

Wednesday May 23 1984

French utility launches $100m Eurobond, Page 46

WALL STREET

Cumulative erosion of confidence

STOCK markets on Wall Street took a sharp downward turn yesterday as the cumulative effect of a host of unsettling factors undermined the confidence of investors, *writes Terry Byland in New York.*

The downturn gathered pace after a support level on the Dow Jones average was pierced, bringing the 1,100 threshold suddenly into view.

The Dow Jones industrial average closed 8.69 down at 1,118.62.

No new or even single factor was blamed for the market setback. The developments in the Gulf, the still unsettled Continental Illinois situation, the widening gap between returns in bond and equity markets and an unexpected rise in the federal funds rate, all conspired to depress the mood.

There were signs that the fall in stocks was self-feeding, with turnover running above recent levels as stock prices weakened.

The market opened lower and, after a brief attempt to steady, expanded its early falls. Weakness spread over the whole market, with stocks showing losses nearly treble those with gains. Oil price fears continued to depress airline stocks.

Continental Illinois gave ground afresh as the search for a suitable merger partner continued. Chemical Bank became the next to admit interest. But reports that the Federal Deposit Insurance Corporatinn was refusing to promise aid to prospective merger partners clouded prospects for an early solution. At $9⅝, Continental lost an early $⅝ in brisk trading.

A poor lead was given from the credit markets, wbere interest rates moved up behind a rise in the federal funds rate. The Federal Reserve reversed its recent market policies and, with the funds at 10⅞ per cent, after 11 per cent earlier, announced $1.5bn in customer repurchases.

Other active issues included Phibro-Salomon, down $1¾ to $26 after the brief disclosure of an apparent move to unwind the spectacular merger of three years ago by selling off the bulk of the commodity trading business.

The closing Wall Street report and updated U.S. market monitors were unavailable because nf continuing industrial action at the Financial Times' printers in Frankfurt.

Esmark jumped $1⅛ to $56 on the expectation that Beatrice Foods would nffer that price for the equity. Walt Disney, another bid favourite, edged up $⅛ to $62⅞, awaiting a move from Reliance Holdings.

IBM fell $⅞ to $107¾, International Paper lost $1¼ to $48¾. Boise Cascade $1½ to $33¾, General Motors $¾ to $61⅛, General Electric $¾ to $52⅝, Honeywell $⅝ to $49¾ and Texas Instruments $1⅞ to $137.

There was further selling of Upjohn, the drugs company, whicb dipped $1⅛ to $64⅞. Another weak feature was Tandy, operator nf the Radio Shack personal computer nutlets, which lost $2 to $27. McDermntt Internatinnal at $9¼ gave up $1 and Coca-Cola sbed $⅝ to $55⅞.

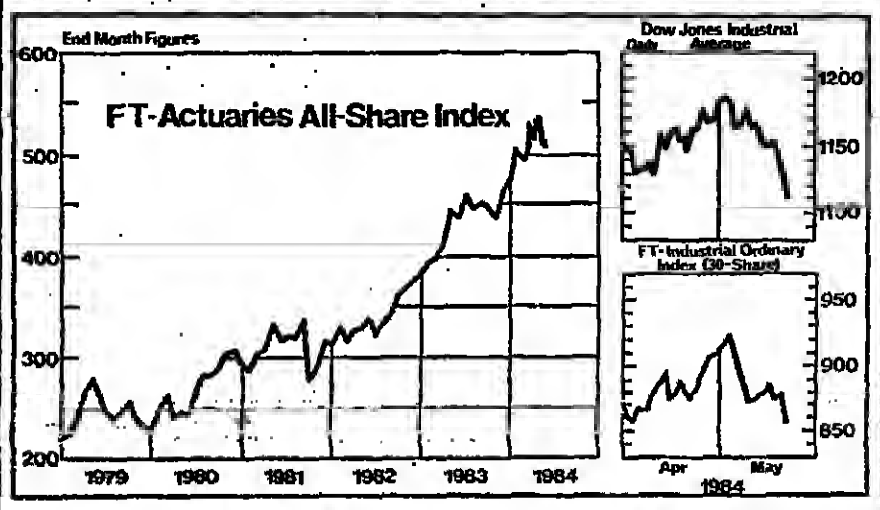
Tha change of direction in funds rate and Fed policies appeared to be dictated by demand for funds rather than by any deeper influences. Today brings the end of a reserve period which has seen sbort-term rates erratic, with the funds rate falling as cash was injected to belp Continental Illinois.

The bond market, taking its cue from the funds rate, opened half a point down and gave further ground later, althougb the day's ecnnomic news was fundamentally favourable fnr credit markets. The rise of only 0.5 per cent in the consumer price index in April was smaller than predicted, while the 6.4 per cent drop in durable goods was significantly greater.

The key long bond showed a fall of just over half a point at 97²⁹⁄₃₂.

Rates were higher in the money markets, with near-dated bank certificates of deposit gaining 25 basis points as sellers returned. Treasury bill discounts also edged bigber in response to the federal funds rate.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 22	Previous	Year ago
DJ Industrials	1116.62	1125.31	1190.02
DJ Transport	470.68	470.47	539.62
DJ Utilities	125.19	125.82	128.88
S&P Composite	153.89	154.73	162.13
LONDON			
FT Ind Ord	856.3	876.2	699.8
FT-SE 100	1084.6	1108.7	917.7
FT-A All-share	510.44	520.86	427.04
FT-A 500	558.98	571.18	464.18
FT Gold mines	655.2	662.4	642.5
FT-A Long gilt	10.66	10.57	10.68
TOKYO			
Nikkei-Dow	10,061.94	10,164.97	8,561.45
Tokyo SE	790.28	798.48	631.73
AUSTRALIA			
All Ord.	700.6	714.7	608.0
Metals & Mins.	464.5	473.1	543.2
AUSTRIA			
Credit Aktien	54.86	54.85	57.76
BELGIUM			
Belgian SE	151.82	155.03	122.04
CANADA		Previous	Yr ago
Toronto			
Metals & Minls	1920.4*	1941.0	—
Composite	2227.1*	2242.7	2389.2
Montreal			
Portfolio	106.95*	108.26	—
DENMARK			
Copenhagen SE	188.88	189.96	140.08
FRANCE			
CAC Gen	173.3	174.7	123.8
Ind. Tendance	108.0	109.0	75.5
WEST GERMANY			
FAZ-Aktien	351.08	347.44	311.79
Commerzbank	1019.8	1011.6	932.2
HONG KONG			
Hang Seng	923.77	893.01	942.05
ITALY			
Banca Comm.	205.89	205.96	192.68
NETHERLANDS			
ANP-CBS Gen	163.8	165.5	123.4
ANP-CBS Ind	130.7	132.1	101.5
NORWAY			
Oslo SE	289.46	294.84	189.81
SINGAPORE			
Straits Times	932.17	930.43	939.13
SOUTH AFRICA			
Golds	1003.0	1017.1	945.8
Industrials	1065.1	1069.2	961.6
SPAIN			
Madrid SE	120.48	120.64	115.9
SWEDEN			
J & P	1468.38	1485.91	1456.23
SWITZERLAND			
Swiss Bank Ind	370.8	373.4	324.8
WORLD	May 21	Prev	Year ago
Capital Int'l	179.3	179.6	175.6

GOLD (per ounce)

	May 22	Prev
London	$378.00	$379.75
Frankfurt	$379.50	$380.50
Zurich	$379.75	$380.50
Paris (fixing)	$377.15	$379.61
Luxembourg (fixing)	$379.75	$380.30
New York (May)	$379.70	$379.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 22	U.S. DOLLAR Previous	STERLING May 22	STERLING Previous
$	–	–	1.389	1.3915
DM	2.744	2.757	3.815	3.84
Yen	233.35	233.05	324.25	324.5
FFr	8.44	8.475	11.72	11.79
SwFr	2.267	2.271	3.1525	3.1625
Guilder	3.0885	3.102	4.2925	4.32
Lira	1691.5	1699.0	2349.0	2363.75
BFr	55.72	56.04	77.4	78.0
C$	1.29475	1.29425	1.7985	1.801

INTEREST RATES

Euro-currencies (3-month offered rate)	May 22	Prev
£	9⁵⁄₁₆	9⅜
SwFr	4	3¹⁵⁄₁₆
DM	6	6
FFr	12¾	12¹¹⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅞	11⅝
6-month U.S.$	12⅛	12¼
U.S. Fed Funds	10⅞	9⅞
U.S. 3-month CDs	11.20	11.05
U.S. 3-month T-bills	10.02	9.72

U.S BONDS

Treasury	May 22* Price	May 22* Yield	Prev Price	Prev Yield
11¾ 1986	98²³⁄₃₂	12.50	98²⁵⁄₃₂	12.41
12⅝ 1991	95¹¹⁄₃₂	13.40	95²⁷⁄₃₂	13.30
13⅛ 1994	97²⁶⁄₃₂	13.51	98¹⁴⁄₃₂	13.41
13¼ 2014	97²⁹⁄₃₂	13.53	98¹⁶⁄₃₂	13.44
Corporate	**May 22***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	87½	13.50	87⅝	13.50
3⅞ July 1990	70	10.70	69⅞	10.70
8¾ May 2000	67	13.95	66½	14.05
Xerox				
10⅞ March 1993	83⅞	13.85	83⅞	13.85
Diamond Shamrock				
10⅝ May 1993	82⅝	14.10	83½	13.95
Federated Dept Stores				
10⅞ May 2013	74¾	15.95	76	14.05
Abbot Lab				
11.80 Feb 2013	84½	14.05	84⅝	14.00
Alcoa				
12½ Dec 2012	85⅞	14.40	85⅝	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	61–25	61–30	61–20	62–03
U.S. Treasury Bills (IMM) $1m points of 100%				
June	89.62	89.70	89.61	89.72
Certificates of Deposit (IMM) $1m points of 100%				
June	88.36	88.46	88.35	88.51
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.24	88.32	88.21	88.44
20-year Notional Gilt £50,000 32nds of 100%				
June	103–15	104–01	103–15	104–06

COMMODITIES

(London)	May 22	Prev
Silver (spot fixing)	653.70p	657.45p
Copper (cash)	£1010.75	£1018.75
Coffee (May)	£2447.50	£2495.00
Oil (spot Arabian light)	$28.47	$28.40

LONDON

Pit strike impact takes toll

A SHARP setback was sustained in London financial markets yesterday against a backdrop of increasing uncertainty about UK economic prospects. Both government securities and leading equities recorded widespread and often substantial losses following a bout of nervous selling.

The FT Industrial Ordinary index ended 19.9 down at 856.3.

U.S. influences played an important part in the day's reaction, but sentiment was particularly disturbed by the impact of the miners' dispute.

Transatlantic favourites such as ICI and Glaxo in cbemicals tumbled further in the late dealings to close with respective losses of 24p at 566p and 17p at 818p.

Good results from food retailer Sainsbury passed unnoticed, and it closed 3p cbeaper at 547p.

Gilts at the longer end bad falls extending to ⅞.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40–41

AUSTRALIA

DECLINES swamped advances five to one in Sydney as a further intensification of the market's sell-off took the All Ordinaries index down 14.1 to 700.6. The trading pace picked up too.

Disappointing drilling indications from a Timor Sea oil well set BHP back 50 cents to A$9.80, along with 35-cent falls for partners Ampol Exploration at A$3.55 and Weeks Australia at A$1.05.

Banks were again markedly weak, with ANZ losing 8 cents to A$5.62 despite strong results on Monday, National off 10 cents at A$3.45 and Westpac 4 cents to A$3.78.

HONG KONG

A SHARP Hnng Kong revival fnllowed further Chinese reassurances on the territory's future as an investment centre. Local buying took the Hang Seng index 30.78 higher at 923.77 on better volume.

Jardine Matheson rallied 50 cents to HK$9.15, Cheung Kong 35 cents to HK$8.30, Hang Seng Bank HK$1 to HK$35 and Hongkong Electric 20 cents to HK$5.45 as the advance extended throughout the trading, property, financial and industrial lists.

SINGAPORE

A STEADIER Singapore result emerged after two days of sbarp falls, and the Straits Times industrial index edged 1.74 above its 1984 low at 932.17. Trading remained quiet and selective, though, and weakness was again observed towards the close.

Volume leader Faber Merlin picked up 3 cents at S$1.72, while rises of 15 cents were common to DBS at S$8.75, Straits Trading at S$5.65 and Malayan Cement at S$7.45.

Keppel Shipyard, moving ex its one-for-two rights issue at S$2, finished at S$2.56 against the previous S$2.87.

SOUTH AFRICA

PROFIT-TAKING deprived Johannesburg gnlds nf much nf Monday's gains, despite steadiness in bullion values.

Driefontein lost R1.50 to R47, while among the mining financials Anglo-American came down 25 cents to R22. De Beers at R9.33 was 7 cents weaker.

Figures sbowing an increase in inflation for last month held industrials back, and at R14.10 Barlow Rand sbed the previous day's 20-cent rise which had followed favourable interim earnings.

CANADA

IMMEDIATE distress was evident in Toronto as Wall Street headed downward. Base metals and the energy sector were worst affected, while strength was to be found only in golds and merchandising issues.

Setbacks in Montreal, extending across the board, were most pronounced among banks.

TOKYO

Depressed mood deepens

THE DROP in the Dow Jnnes industrials to this year's low nn Wall Street overnight depressed investors in Tokyo yesterday and belped drive share prices there still lower, *writes Shigeo Nishiwaki of Jiji Press.*

From the outset of the session, light selling hit blue chips like Hitacbi and issues reporting poor business performance, pushing prices down steeply almost across the board. Blue chips picked up later wben the Big Four securities houses and investment trust affiliates started to buy in small lots.

The Nikkei-Dow market average slipped below the 10,000 mark to just under 9,975 at one point but finisbed the day at 10,061.94, baving shed a sharp 103.03.

Losses outpaced gains by a wide margin of 571 to 117, with 134 issues uncbanged. Volume remained at a low 231.38m sbares, although up from 186.53m the preceding day. Asahi Chemical topped the actives list with 12.51m shares changing hands.

Buying by the leading brokerage bouses and investment trusts pusbed Asahi Chemical up Y27 to Y575, Kokusai Electric Y80 to Y2,040, Kyocera Y30 to Y5,560 and Pioneer Y20 to Y2,590. Hitachi closed the day Y25 higber at Y855 after an initial Y15 fall.

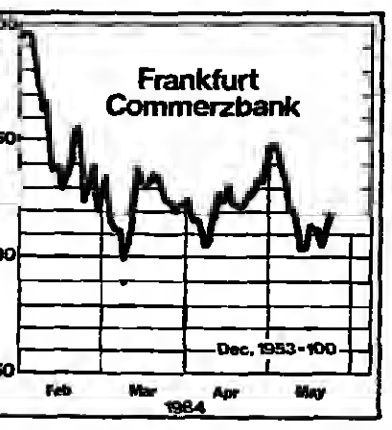
The Wall Street dip below 1,130 was another gloomy factor for investors, already under pressure from the rising tension between Iran and Iraq, fear of higber U.S. interest rates and the large margin buying balance.

Speculative interest in drug issues increased: Dainippon Pharmaceutical spurted Y350 to Y4,350 and Green Cross Y80 to Y1,770. By contrast Teac, whicb forecast a sbarp profit decline for the current business year ending in September, came under strong selling pressure. It suffered the day's limit loss of Y200 to Y900, with sell orders totalling more than 2m sbares.

The market recovered sligbtly toward the close but is expected to remain vulnerable to movements on Wall Street and developments in the Middle East. Mr Tatsuro Yoshida, president of Yamaichi International Capital Management, said an immediate trnugh fnr the Nikkei-Dow wnuld be 9,940. Stock prices could start recovering around July, if the yen advanced against the U.S. dollar, he added.

Meanwhile, the Tokyo Stock Exchange announced after the close that the combined margin buying balance on the Tokyo, Nagoya and Osaka exchanges amounted to an all-time high of Y2,742.7bn last Saturday, up Y6.1bn from a week earlier.

On the bond market, a cautious mood still prevailed. The yield on the benchmark 7.5 per cent government bnnds due in January 1993 dipped from 7.38 per cent to 7.375 per cent.



EUROPE

Changes in course avoided

A REPEAT performance was staged by the European bourses yesterday as West Germany found further encouragement in prospects of an end to the current labour unrest.

Frankfurt was again the only major centre to advance, with an 8.2 rise in the Commerzbank index to 1,019.8, although the car makers likely to benefit from an end of the metalworkers' strike did not perform well.

Daimler shed DM 4.80 to DM 572 after the group announced a daily loss of over DM 120m in sales due to the strike. VW managed to hold its setback to 70 pfg at DM 190, while BMW gained DM 3.50 to DM 386.50. New car registrations for April fell by 12.6 per cent to 257,400 from a mnnth earlier.

Banks were mainly higher as Commerzbank added DM 4.50 to DM 188.50 and Dresdner rose DM 2.80 to DM 171. Deutsche Bank, however, slipped 60 pfg to DM 366.2 ex-dividend.

Elsewhere, Allianz continued to rise with a DM 7 advance to DM 772 and KHD gained DM 2 to DM 249 following a major diesel engine contract in Spain. Hnlzmann, DM 2 higher at DM 435, was the main beneficiary of a consortium that won a DM 42m contract for a North Sea/Baltic Canal bridge.

Bonds were steady as the Bundesbank sold DM 36.5m in paper against Monday's sale of DM 18.8m.

End-of-month liquidation and an easier overnight Wall Street edged **Paris** lower with foods, constructions, engineerings, electronics and retailers all off on the day. Financials, metals and oils were the only sectors to finish mixed.

BSN-Gervais lost FFr 39 to FFr 2,556.

A broad retreat took place in **Amsterdam** as fears of higher interest rates took hold.

Akzo move near its low for the year with a further Fl 2.20 fall to Fl 95.80 despite its profits announcement on Monday.

Bond prices drifted lower with many participants nn the sidelines.

A weaker bank sector led **Zurich** lower, with UBS SwFr 55 down at SwFr 3,570 and Crédit Suisse SwFr 35 off at SwFr 2,290. Swiss Re was one nf the few gainers in the session, with a SwFr 100 rise to SwFr 8,000.

Weaker bonds resulted from the large volume of new issues and interest rate concerns.

A number of leading stocks moving ex-dividend turned **Brussels** lower. Petrofina fell BFr 1,060 to BFr 6,990.

Wire maker Bakaert continued to slip with another BFr 55 fall to BFr 4,000, and utility Intercom lost BFr 190 to BFr 1,985 as it reported a 33 per cent rise in first-quarter sales.

A small late rally cancelled some early losses in **Milan**, while **Madrid** began its week mixed with banks weaker and utilities firmer. **Stockholm** was lower in uneventful trading, which saw declines outnumber advances by a margin of three to one.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅝	13¾	AAR	.44	2.2	21	1233	19⅞	19¾	19¼	-⅛
53	31½	ACF	1.40	2.7	142	739	52½	52⅛	52⅛	-⅛
22	15½	AMCA	n 1	6.1		1	16½	16½	16½	-¼
18⅞	13⅞	AMF	.50	3.3		203	15½	15¼	15¼	-⅛
41¾	26⅝	AMR Cp			5	4714	31¼	30⅝	31⅛	+⅜
20⅝	17½	AMR	pf2.18	11		1060	20¼	19¾	19¾	-¼
41½	29⅝	AMR	pf2.13	6.4		1617	33½	32¾	33	-⅛
26⅞	23	ANR	pf2.67	11.		12	23¾	23¼	23¼	
16⅞	8¼	APL			4	12	11⅛	11⅛	11⅛	-⅛
56¼	40¼	ARA	2.19	4.7	9	4492	44¼	43⅝	44½	-¼
74¼	50⅝	ASA	3a	5.9		638	61⅛	60⅞	61½	-¼
33¾	17	AVX	s .32	1.6	15	248	19⅝	19¼	19½	-⅛
53⅞	38⅞	AbtLab	1.20	2.9	14	1150	41⅞	41	41½	-¼
29¼	23¾	AccoWd	.60	2.3	19	51	26½	26	26¼	-⅛
27½	20	AcmeC	.40	2.0		45	20½	20⅛	20⅛	
13	8⅞	AcmeE	.32b	3.6	25	22	9	9	9	
24⅞	11	AdmDg	.04	.3	7	47	11⅜	11¼	11⅜	+⅛
18¾	15¾	AdaEx	2.11e	13.		134	15⅜	15⅛	15⅜	-⅛
18⅞	11	AdmMl	.28	1.6	6	19	17⅞	17⅝	17⅝	-⅛
22	14⅝	AdvSys	.811	5.4	15	42	14⅝	14⅝	14⅞	
18½	8⅝	Adwest	.12	1.4	11	85	9	d8½	8¾	+⅛
37½	23⅞	AMD	s		25	2234	30¼	29⅝	30¼	+⅛
24⅞	11⅞	Aerflx	s		16	102	11⅞	d11	11	-1
43½	32	AetnLf	2.64	8.2	17	1879	32¼	d31½	32¼	-¼
59⅞	54⅝	AetL	pf5.26e	9.1		307	58	57⅝	57⅝	-¼
37¾	17¼	Ahmns	1.20	9.9	4	381	17¾	d17¼	17½	-½
7⅞	3⅝	Aileen				104	3½	d3½	3½	-⅛
51	28½	AirPrd	1	2.4	10	295	41⅞	41⅛	41⅛	-¼
30⅝	16	AirbFrt	.60	3.1	11	62	19¾	19½	19⅝	+¼
3⅞	1¼	AIMoa	s			107	3⅛	3¼	3⅛	
27⅞	23⅞	AlaP	pf2.15e	9.0		1660	24⅛	24	24	-½
33½	28¼	AlaP	pfA3.92	13.		8	29⅛	29	29¼	-¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
7⅛	4	WrldAr				4	4½	4⅛	4¼	+ ⅛
57¼	45	Wrigly	1.80	3.7	9	19	49¼	48⅞	48⅞	+ ⅛
8⅞	5½	Wurltzr				9	6	5⅞	6	
25⅛	13¼	WyleLb	.32	2.1	15	40	15½	15¼	15⅜	− ⅛
17⅛	9	Wylr				3157	9⅝	9¼	9½	− ¼
22½	16½	Wynns	.60	3.2	10	27	19⅛	18⅞	18⅞	− ¼
		X-Y-Z								
52⅛	37½	Xerox	3	7.9	9	2731	38¾	37½	38⅛	
53	47	Xerox	pf5.45	11		901	48½	48½	48⅞	
37	21½	XTRA		2.9	9	145	23⅛	22⅝	22⅝	−1
24	24	ZaleCp	1.26	5.0	8	11	25⅛	25¼	25⅛	+ ⅛
24¾	15½	Zapata	.84	3.5	15	694	24	23⅞	24	
47½	28¼	Zayre	s.40b	1.2	10	151	34	33	33⅞	− ⅞
36⅞	21¼	ZenithE			10	1958	24⅛	23⅝	24	− ⅛
27⅜	15¼	Zero	s .36	1.9	15	40	19⅞	19¼	19½	− ⅛
37⅞	21½	Zurnin	1.32	5.7	10	99	23⅜	23⅛	23⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May. 22	Price Sch's	+ or —
Creditanstalt	211	..
Goesser	329	—1
Interunfall	407	—1
Laenderbank	208	—2
Perlmooser	361	—1
Steyr-Daimler a	148	—1
Veitscher Mag	216	

BELGIUM/LUXEMBOURG

May 22	Price Frs.	+ or —
ARBED	1,675	—10
Banq Int A Lux	5,000	—50
Bekaert B	4,000	—55
Ciment CBR	2,435	+15
Cockerill	290	—3
Delhaize	4,800	..
EBES	2,540	—10
Electrobel	6,980	
Fabrique Nat	2,100	—10
GB Inno BM	3,115	—5
GBL (Brux)	2,250	—30
Gevaert	3,295	+40
Hoboken	5,390	—60
Intercom	1,985	—190
Kredietbank	7,400	+100
Pan Hldgs	10,000	
Petrofina	6,990	—1868
Royale Belge	8,480	+180
Soc. Gen. Banq	3,265	+15
Soc. Gen. Belge	1,840	+15
Sofina	6,300	+100
Solvay	4,260	+20
Traction el	3,795	+10
UCB	4,850	—45
Vieille Mont	4,050	—50

DENMARK

May 22	Price Kr %	+ or —
Aarhus Olie	420	..
Andelsbanken	223	—11
Baltic Skand	645	—5
CopHandelsbank	236	..
D. Sukkerfab	620	..
Danske Bank	222	—5
East Asiatic	178	..
Forenede Brygg.	960	..
Forenede Damp.	160	—15
GNT Hldg	540	..
I.S.S.B.	565	—30
Jyske Bank	520	..
Novo Ind	2,430	..
Privatbanken	234	—2
Provinsbanken	312	—10
Smidth (F)	220	..
Sophus Berend.	1,185	..
Superfos	472	..

FRANCE

May 22	Price Frs.	+ or —
Emprunt 4½% 1975	1,790	+10
Emprunt 7% 1973	2,700	+40
CNE 3%	3,570	+50
Air Liquide	535	..
BIC	415	—5
Bouygues	668	—13
BSN Gervais	2,556	—39
CIT-Alcatel	1,315	+5
Carrefour	1,720	+9
Club Mediter'n	891	+3
CFAO	691	—1
Cie Bancaire	485	+5
Cofimeg	225.8	+3.8
Creusot Loire	31.1	—2.6
Darty	885	—40
Dumez S.A.	676	—5
Eaux (Cie Gen)	542	—8
Elf-Aquitaine	264.3	—7.7
Gen. Occidentale	626	—8
Imetal	91.1	—1.4
Lafarge Coppee	3660	—2.5
L'Oreal	2,425	—20
Legrand	1,861	—14
Maisons Phenix	225	—5
Matra S.A.	1,390	—11
Michelin B	817	—9
Midi (Cie)	1,585	..
Moet-Hennessy	1,668	—7
Moulinex	100.6	—0.2
Nord Est	48.8	—0.2
Pernod Ricard	776	—14
Perrier	515	—5
Petroles Fra.	278.5	—1.5
Peugeot S.A.	232.1	—2.1
Poclain	46	..
Printemps Au	150.6	—1.5
Radiotech	297.5	—0.5
Redoute	1,160	+60
Roussel-Uclaf	1,077	—23
Schneider S.A.	81.0	+0.5
Sefimeg	261.8	—0.2
Skis Rossignol	1,335	—5
Telemech Elect.	1,688	—17
Thompson (CSF)	392	—3
Valeo	260.4	—2.6

GERMANY

May 22	Price Dm.	+ or —
AEG-Telef	97.5	—1
Allianz Vers	772	—7
BASF	166.3	—0.5
Bayer	171	—0.1
Bayer-Hypo	293	—2
Bayer-Verein	526.5	—5.4
BHF-Bank	285	—3
BMW	386.5	—3.5
Brown Boveri	210	
Commerzbank	165.5	+4.5
Cont'l. Gummi	122.8	+1.1
Daimler-Benz	572	—4.8
Degussa	379	+5
D'sche Babcock	156.5	—1
Deutsche Bank	366.2xd	—0.6
Dresdner Bank	171	+2.8
GHH	151.5	—0.2
Hochtief	513	—2
Hoechst	176	—1.2
Hoesch Werke	118	—0.7
Holzmann (P)	435	+2
Horten	195	+0.5
Kali und Salz	205	+2.1
Karstadt	261.5	+1.3
Kaufhof	238.5	+2.5
KHD	249	+2
Kloeckner	63	+1
Krupp	78	
Linde	377	—3
Lufthansa	154.5	+0.5
MAN	150.3	+3.3
Mannesmann	145	—0.9
Mercedes Hld.	498	—1
Metallgesell.	544	—0.5
Muench Rueck	1,030	..
Preussag	265.5	+0.5
Rhein West Elect	163.3	+0.8
Rosenthal	230	+1
Schering	345	—1.5
Siemens	394.8	+0.8
Thyssen	85.2	+0.7
Varta	173	—0.8
Veba	168.7	+1.4
V.E.W	120.1	+0.7
Verein-West.	299	+1
Volkswagen	190	—0.7

ITALY

May 22	Price Lire	+ or —
Banca Com'le	33,300	..
Bastogi IRBS	110.2	+1.8
Centrale	2,265	—235
Credito Varesino	4,301	—64
Fiat	4,110	—30
Finsider	36	—1
Generali Assicur	34,100	+160
Invest	3,239	+19
Italcementi	46,000	—360
Montedison	203.6	—1.4
Olivetti	5,150	—50
Pirelli Co	2,585	—20
Pirelli Spa	1,440	—37
Snia BPD	1,550	—1
Toro Assic.	11,080	+30
do. Pref	8,501	—340

NETHERLANDS

May 22	Price Fls	+ or —
ACF Holding	189	—3
AEGON	126	—2
Ahold	186.2	—1.1
AKZO	25.8	—2.2
ABN	353.5	—3
AMEV	150.5	—1.5
AMRO	63	—0.7
Bredero Cert.	188	—5
Bos Kalis Westm.	32.3	—1.2
Buehrmann-Tet.	69	+0.6
Calland Hldgs.	36.5	+1.5
Credit Lyon'is Bk	57.5	—1.3
Elsevier-NDU	83	—2
Gist. Brocades	139	—2
Heineken	131	—2
Hoogovens	55.7	—1.3
Hunter Douglas	26.2	—0.3
Int Mueller	38.8	..
KLM	165.5	—2.3
Naarden	41.0	—0.2
Nat Ned Cert	228	—2.2
Ned. Credit Bank	40	..
Ned Mid Bank	141.3	—0.7
Nedlloyd	120	—1.5
Oce Grinten	238.5	—1
Ommeren (Van)	20.8	..
Pakhoed	62.1	—1.2
Philips	46.2	—0.8
Rijn-Schelde	3.3	+0.1
Robeco	63	—0.3
Rodamco	135.4	—0.1
Rolinco	59.4	—0.7
Rorento	199.2	—0.1
Royal Dutch	162.5	—1.7
Unilever	241	—6
VMF Stork	119.5	—2.9
VNU	158.5	—2.5
West Utr Bank	22.5	—2.0

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

SPAIN

May. 22	Price Ptas	+ or —
Bco Bilbao	318	..
Bco Central	325	—2
Bco Exterior	204	
Bco Hispano	230	—2
Bco Santander	301	
Bco Vizcaya	378	
Dragados	157	—1
Hidrola	51.7	
Iberduero	67.2	—0.3
Petroleos	128	+0.5
Telefonica	84.2	+0.2

NORWAY

May. 22	Price Kroner	+ or —
Bergen Bank	180	—1
Borregaard	319	—3.5
Christiania Bk.	179	—2
Den Norsk Credit	177	—1
Elkem	168.5	—6.5
Norsk Data	317	—4
Norsk Hydro	690	—31
Storebrand	237.5	—5.5

SWEDEN

May 22	Price Kronor	+ or —
ACA	362	+1
Alfa Laval	237	—2
ASEA (Free)	315	—8
Astra (Free)	450	..
Atlas Copco	123	—3
Boliden	408	—7
Cardo (Free)	385	+5
Cellulosa	153	+1
Electrolux B	272	—3
Ericsson	313	..
Esselte	340	+6
Mo Och Domsjo	533	..
Pharmacia	267	—3
Saab Scania	399	—9
Sandvik	401	—1
Skandia	370	..
Skan Enskilda	328	—2
SKF	211	—2
St. Kopparbergs	725	—20
Sven Handelsbn.	190	..
Swedish Match	239	—3
Volvo B (Free)	480	—3

SWITZERLAND

May 22	Price Frs.	+ or —
Alusuisse	803	—5
Bank Leu	3,860	—40
Brown Boveri	1,360	—10
Ciba Geigy	2,320	—15
do. (Part Certs)	1,735	—15
Credit Suisse	2,290	—35
Elektrowatt	2,600	—10
Fischer (Geo.)	610	..
Genevoise	3,800	—500
Hoff-RochePtCts	102,250	—1008
Hoff-Roche 1/10	10,250	—75
Jacobs Suchard	6,570	—30
Jelmoli	1,800	..
Landis & Gyr	1,370	—10
Nestle	6,190	—30
Oer-Buehrle	1,225	—5
Pirelli	250	—1
Sandoz (Br)	6,666	—34
Sandoz (PtCts)	1,035	—5
Schindler (PtCts)	565	—15
Swissair	980	—10
Swiss Bank	353	—8
Swiss Reinsce.	8,000	+100
Swiss Volksbk.	1,430	—20
Union Bank	3,570	—55
Winterthur	3,020	..
Zurich Ins.	17,450	—105

AUSTRALIA

May.22	Price Aust $	+ or —
ANZ Group	5.62	—0.08
Acrow Aust.	1.6	..
Alliance Oil D.	0.63	—0.04
Ampol Pet.	1.7	—0.05
Aust Cons Ind	1.74	—0.06
Aust. Guarant	2.65	—0.06
Aust. Nat. Inds.	2.55	—0.03
Aust. Paper	1.8	—0.05
Bell Group	4.85	—0.15
Bond Corp Hldgs	1.2	—0.02
Boral	3.48	—0.04
B'ville Copper	2.21	—0.13
Brambles Inds.	2.8	—0.05
Bridge Oil	2.56	—0.14
BHP	9.8xd	—0.5
CRA	5.14	—0.1
CSR	3.24	—0.08
Carlton Utd	4.25	+0.05
Castlemaine Tys.	4.4	—0.1
Coles (G.J.)	3.75	—0.01
Comalco "A"	2.75	—0.1
Consolidated Pet	0.55	—0.05
Costain Aust.	1.25	..
Dunlop Aust.	1.63	—0.02
E.Z. Inds.	4.9	
Elders IXL	3.75	—0.05
Energy Res.	1.51	—0.01

AUSTRALIA (continued)

May. 22	Price Aust. $	+ or —
Gen Prop Trust	2.1	—0.02
Hardie (J.)	3.38	—0.02
Hartogen Energy	2.65	—0.05
Herald W'y Times	3.35	
ICI Aust.	1.28	—0.04
Jimb'lana 50cFP	0.26	
Kia Ora Gold	0.15	
Lend Lease	4.85	—0.05
MIM	3.03	—0.02
Mayne Nickless	2.29	
Meekatharra	0.75	
Myer Emp.	1.79	
Nat. Com. Bk.	3.45	—0.1
News	9.6	—0.2
Nicholas Kiwi	2.75	—0.05
North Bkn Hill	2.32	—0.05
Oakbridge	0.9	—0.02
Otter Expl.	0.52	—0.03
Pancont'l	1.3	—0.05
Pioneer Conc.	1.45	—0.05
Queensland Coal	1.05	—0.07
Reckitt & Coln	2.65	
Repco	1.12	—0.01
Santos	5.64	—0.06
Smith (H.)	3.83	—0.02
Southland Min'g.	0.57	
Spargos Expl	0.33	
Thos. Natwide	1.75	—0.07
Tooth	5.3	..
Vamgas	3.15	
Western Mining	3.38	—0.12
Westpac	5.78	—0.04
Woodside Petrol.	1.1	—0.06
Woolworths	2.33	
Wormald Intl.	3.15	

HONG KONG

May. 22	Price H.K.$	+ or —
Bank East Asia	20.5	+0.7
Cheung Kong	8.3	—0.35
China Light	10.9	—0.2
Hang Lung Devel	2.35	
Hang Seng Bank	35	—1
HK Electric	5.45	—0.2
HK Kowloon Wh.	3.6	—0.18
HK Land	3.12	—0.12
HK Shanghai Bk.	6.35	+0.25
HK Telephone	41.00	
Hutchison Wpo	14.7xa	
Jardine Math	2.15	—0.5
New World Dev	2.95	
Orient O'seas	2.4	+0.05
O'seas Trust Bk.	2.85	+0.05
SHK Props.	6.4	+0.4
Swire Pac A	15.2	+0.5
Wheel'k Mard A.	3.4	+0.15
Wheel'k M'time	1.9	
World Int. Hldgs.	1.85	+0.65

JAPAN

May. 22	Price Yen	+ or —
Ajinomoto	1,050	+10
Alps Electric	2,030	—90
Amada	1,020	—60
Asahi Chem	675	+27
Asahi Glass	705	—5
Bridgestone	564	—6
Canon	1,140	..
Casio Comp.	1,160	..
Chugai Pharm	1,000	+4
Citizen	495	+5
Daiei	666	—14
Dai Nippon Ptg	910	—45
Daiwa House	446	..
Ebara	310	—10
Eisai	1,030	—10
Fanuc	7,960	—30
Fuji Bank	880	—20
Fuji Film	1,620	—10
Fujisawa	798	—3
Fujitsu	1,080	—40
Green Cross	1,770	—80
Hasegawa	377	—2
Heiwa Real Est.	572	—1
Hitachi	855	—25
Hitachi Credit	1,540	—40
Honda	1,100	—20
House Food	745	—5
Hoya	1,640	—10
Itoh (C)	300	—8
Ito-Yokado	1,770	—50
Iwatsu	1,510	—10
JACCS	345	—10
JAL	2,900	—70
Jusco	805	..
Kajima	290	—9
Kao Soap	693	—17
Kashiyama	615	—5
Kirin	540	—18
Kokuyo	975	—25
Komatsu	467	—3
Konishiroku	591	..
Kubota	308	+3
Kumagai	451	—13
Kyoto Ceramic	5,560	—30
Maeda Const.	490	..
Makino Milling	1,150	—40
Makita	985	—5
Marubeni	397	—4
Marudai	592	—23
Marui	1,080	..
MEI	1,670	—10
M'ta Elec Works	657	—24
M'bishi Bank	990	—10
M'bishi Corp.	519	—6
M'bishi Elec	382	—4
M'bishi Estate	468	—7

JAPAN (continued)

May. 22	Price Yen	+ or —
MHI	235	—1
Mitsui Co	340	—9
Mitsui Estate	645	—5
Mitsukoshi	340	
NGK Insulators	710	—24
Nihon Cement	268	—5
Nippon Denso	1,380	—40
Nippon Elect	1,190	—20
Nippon Express	302	—3
Nippon Gakki	610	—10
Nippon Kokan	146	1
Nippon Oil	1,130	
Nippon Seiko	520	
Nippon Shimpan	551	—3
Nippon Steel	162	—3
Nippon Suisan	315	
NTV	10,700	—600
Nippon Yusen	238	—2
Nissan Motor	628	—7
Nisshin Flour	421	—5
Nisshin Steel	205	—4
Nomura	708	—15
Olympus	840	—10
Omron Tateisi	1,940	
Orient Leasing	3,280	—60
Pioneer	2,590	—20
Renown	641	—9
Ricoh	887	—28
Sankyo	670	—7
Sanyo Elect.	475	—7
Sapporo	404	—2
Sekisui Prefab.	560	—10
Seven-Eleven	8,300	—100
Sharp	1,070	+20
Shimadsu	500	—20
Shionogi	598	
Shiseido	1,030	—20
Sony	3,370	—10
Stanley	690	—10
S'tmo Bank	1,050	—50
S'tomo Elect	810	—5
S'tomo Marine	414	—1
S'tomo Metal	169	—6
Taiho Dengyo	485	—3
Taisei Corp	212	..
Taisho Pharm	899	—20
Takeda	665	—5
TDK	5,090	—120
Teijin	373	—1
Teikoku Oil	720	—25
Tokyo Marine	570	—2
TBS	765	—16
Tokyo Elect Pwr.	1,110	—20
Tokyo Gas	155	+2
Tokyo Sanyo	705	+2
Tokyo Style	795	—5
Tokyu Corp.	290	—6
Toppan Print	712	—16
Toray	405	—10
Toshiba Elect.	380	..
TOTO	559	—11
Toyo Seikan	726	..
Toyota Motor	1,290	—10
Victor	2,340	—40
Wacoal	760	—8
Yamaha	513	—4
Yamanouchi	1,240	—30
Yamazaki	670	—29
Yasuda Fire	287	—12
Yokogawa Bdge.	401	—18

SINGAPORE

May. 22	Price $	+ or —
Boustead Hldgs.	2.43	+0.02
Cold Storage	3.3	—0.08
DBS	8.75	+0.15
Fraser & Neave	5.75	—0.1
Genting	5	—0.05
Haw Par. Bros.	2.36	—0.02
Inchcape Bhd.	2.63	—0.31
Keppel Shipyard	2.56xa	—0.02
Malay Banking	9.1	+0.05
Malay Brew.	6.6	
Multi Purpose	1.92	—0.01
OCBC	9.65	—0.1
OUB	4.24	—0.06
Sime Darby	2.22	—0.16
Straits St'mship.	1.5	
Straits Trdg.	5.65	—0.15
UOB	4.88	

SOUTH AFRICA

May. 22	Price Rand	+ or —
Abercom	2.12	+0.02
AE & CI	9.40	..
Anglo Am Coal	31.5	
Anglo Am Corp	22	—0.25
Anglo Am Gold	147.5	
Barclays Bank	19.75	+0.25
Barlow Rand	14.1	—0.2
Buffels	78.5	—0.85
CNA Gallo	2.9	
Currie Finance	5.2	—0.05
De Beers	9.63	—0.07
Driefontein	47	—1.5
FS Geduld	51.5	—0.5
Gold Fields S.A.	28	—0.5
Highveld Steel	5.6	—0.5
Nedbank	15.7	—0.2
OK Bazaars	18.25	..
Protea Hldgs	2.8	—0.1
Rembrandt	26.75	—0.25
Rennies	15.00	
Rust. Plat.	14.8	—0.1
Sage Hldgs	8.4	—0.25
SA Brews	7.6	—0.05
Smith (C.G.)	26.25	
Tongaat Huletts	12	—0.15
Unisec	5.65	

CANADA

TORONTO

Prices at 2.30 pm
May 22

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales 4,496,122 shares

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Anchor Chem.	128	+8
Diploma	542	+10
Newmark (L)	230	+25

FALLS

T.13½pc 2004/08	£122¼	—£⅛
ABP	236	—22
Assoc. Dairies	160	—10
BOC	261	—11
BTR	473	—11
BHP	632	—30
Extel	600	—45
Glaxo	818	—17
Horizon Travel	159	—7
ICI	566	—24
JSD Computer	18	—10
Parkland Text.	107	—9
Plessey	210	—10
RHM	87	—7
Star Computer	168	—27
Vosper	215	—47
Waring & Gillow	128	—15
Whitbread A	182	—4
BP	525	—15
Shell Trans.	693	—11
Weeks Aust.	63	—25
Charter Cons.	223	—7
Cons. Gold F.	545	—17
Hampton Areas	218	—9
RTZ	603	—20
Vaal Reefs	£89¾	—£1¼
Western Mining	218	—9

Continued on Page 46

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote	Close Prev. Close	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MARKET REPORT

Markets sustain heavy falls on UK economic doubts—index 19.9 down at 856.3

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 30	May 10	May 11	May 21
May 14	May 31	June 1	June 11
June 4	June 14	June 15	June 25

* "New-time" dealings may take place from 8.30 am two business days earlier.

London financial markets sustained a sharp setback yesterday against a backdrop of increasing uncertainty about UK economic prospects. Both Government securities and leading equities recorded widespread and often substantial losses following a bout of nervous selling. At noon the FT Industrial Ordinary share index showed a loss of just over 20 points. This was reduced marginally to 17.2 a couple of hours later as a modest technical rally ensued, but a subsequent deterioration left the index 19.9 down on the day at 856.3.

U.S. influences played an important part in the day's reaction, but sentiment was particularly disturbed by the impact of the miner's dispute on the pace of the UK's economic recovery in the first-quarter of the current year.

Wall Street's overnight fall to a 13-month low and continuing concern about the future trend of American interest rates ensured a dull start to London dealings, with jobbers marking blue chips a few pence lower at the outset. An unexpected wave of persistent selling started at around 11 am and the tone then became increasingly nervous awaiting opening indications from Wall Street. In the event, this centre showed renewed weakness and transatlantic favourites such as ICI and Glaxo tumbled further in the late dealings to close with losses of 24 and 17 respectively.

Few sectors escaped the general malaise. Engineers, particularly worried about economic recovery prospects, turned distinctly easier, while recently buoyant Oils took a marked turn for the worse. Good trading statements from Sainsbury and ICL passed unnoticed, although the former closed only 3 cheaper at 547p, while ICL managed a small gain at 67p. The chairman's warning of lower half-year profits owing to the miners' dispute prompted a sharp fall of 22 to 236p in Associated British Ports.

The prediction of higher U.S. interest rates over the short term by Mr Malcolm Baldridge, the U.S. Commerce Secretary, coupled with LIFFE market influences prompted some fairly heavy selling of Government securities. Here too, the market proved to be unreceptive and quotations at the longer end closed at the lowest of the day with falls extending to ⅞. Losses in the shorts, however, were usually limited to only ⅛. The Government securities index lost 0.45 to 79.30, its lowest level since August 31 1983.

Willis Faber volatile

Against the trend in Insurances, Willis Faber advanced strongly to touch 855p before closing only a couple of pence better on balance at 837p, following the announcement from merchant bank Morgan Grenfell, in which Willis owns a 24 per cent stake, that it was considering going public next year. C. E. Heath, meanwhile, continued to draw strength from the recent impressive results and closed a further 5 dearer at 435p. Composites, firm last week on Allianz bid hopes, retreated in sympathy with the general trend. Commercial Union gave up 6 to 209p and General Accident relinquished 12 at 450p as did Royal to 553p.

Home banks remained overshadowed by the U.S. banking troubles and sustained fresh double-figure gains as renewed selling found the market unwilling. Lloyds fell 15 to 545p, and NatWest lost the same amount at 627p. Merchant banks gave ground with Charterhouse J. Rothschild closing 6 off at 97p and Kleinwort Benson 7 easier at 408p.

Owing to the surrounding gloom, oil and gas exploration group PetroGen made a subdued debut in the Unlisted Securities Market; the shares opened at 82p and moved between extremes of 86p and 78p before closing at the offer price of 80p.

Breweries participated in the general malaise, encouraging figures from Whitbread failing to provide any significant boost to market sentiment; Whitbread finished 4 off at 162p, while Bass, first-half figures expected today, eased 5 at 365p. Arthur Guinness, currently bidding for Martin the Newsagent, shed a few pence to 144p, while Allied-Lyons, preliminary figures scheduled for next Tuesday, eased 2 to 162p, after 160p. Similar conditions prevailed among Regionals where South London concern Young gave up 5 to 255p in front of next Thursday's annual figures.

Both Building Material and Contracting and Construction issues ran into selling at the outset and, although the tone appeared steadier by mid-afternoon, prices rarely moved away from the day's lowest levels. Redland came on offer at 264p, down 6, while Blue Circle, 427p, and BPB Industries 315p, shed 8 apiece. Recently firm Rugby Portland Cement fell 4 to 108p and RMC gave up 6 to 426p. Barratt Developments were hit by a downgrading of profit estimates by brokers Scrimgeour, Kemp-Gee and reacted to a 1984 low of 100p before closing a net 4 down at 104p. Costain fell 8 to 286p and AMEC gave up 5 to 216p. Elsewhere, the decision to place its Crouch Construction subsidiary into liquidation continued to depress Crouch Group which shed 6 for a two-day fall of 10 to 24p. Timber concern John Carr (Doncaster) lost 4 to 79p despite the increased interim profits and dividend. Recent speculative favourites to give ground included SGB and John Finlan, both 8 off at 138p and 200p respectively.

After opening 8 lower at 582p, ICI slipped to 576p before falling away sharply on early Wall Street advices to close a net 24 down at 566p. Laporte, a good market recently on a broker's recommendation, succumbed to profit-taking and fell 16 to 463p.

FINANCIAL TIMES STOCK INDICES

	May 22	May 21	May 16	May 17	May 16	May 15	year ago
Government Secs	79.30	79.73	79.50	79.95	72.97	79.69	80.80
Fixed Interest	84.19	84.60	84.57	84.74	84.72	84.57	82.99
Industrial Ord.	856.3	876.2	874.4	884.5	879.4	879.0	999.8
Gold Mines	655.2	662.4	637.9	645.4	627.5	612.2	642.5
Ord. Div. Yield	4.58	4.46	4.47	4.42	4.46	4.44	4.60
Earnings, Yld.% (full)	10.61	10.37	10.40	10.29	10.35	10.33	8.93
P/E Ratio (net) (*)	11.36	11.63	11.60	11.73	11.65	11.66	13.89
Total bargains (Est.)	21,464	91,560	21,000	21,893	23,482	24,272	19,059
Equity turnover £m.	—	209.60	328.24	307.05	293.21	937.96	208.77
Equity bargains	—	19,577	19,277	19,603	19,294	19,003	17,096
Shares traded (ml)	—	168.7	201.2	161.1	149.8	145.1	136.6

10 am 872.4. 11 am 866.9. Noon 856.1. 1 pm 858.4. 2 pm 859.0. 3 pm 859.0.

Basis 100 Govt. Secs. 5/1/58. Fixed Int 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974

Latest Index 01-246 8026.

*Nil=10.84.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	91.77 (9/1)	79.30 (22/5)	127.4 (9/1/55)	42.19 (3/1/75)
Fixed Int.	87.48 (14/3)	84.12 (22/5)	155.4 (26/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (8/5)	770.3 (4/1)	992.9 (12/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	520.9 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 21	May 18
—Daily		
Gilt Edged Bargains	151.2	142.9
Equities Bargains	120.4	118.4
Value	423.6	663.4
5-day Average		
Gilt Edged Bargains	147.9	151.5
Equities Bargains	111.8	122.0
Value	552.2	568.5

Croda International touched 123p on favourable Press comment prior to settling a net 3 off at 118p. Coates Brothers A shed 8 to 85p. Anchor Chemical provided an isolated bright spot, rising 8 to 128p on the chairman's optimistic statement at the annual meeting.

Stores lack support

Institutional investors again proved reluctant to commit funds to leading Retailers which closed around the day's lowest levels. Falls of 6 were common to Burton, 275p, British Home, 204p, and Habitat Mothercare, 304p. Gussies A finished 10 cheaper at 595p, while House of Fraser, awaiting further news of the long-standing battle with Lonrho, closed 8 lower at 254p; Lonrho shed 5 to 131p.

Secondary Stores featured renewed selling of departmental group Waring and Gillow, which reacted to the absence of news about the recent bid approach and dipped 15 to 128p. Superdrug, firm on Monday in response to favourable comment, failed to attract follow-through interest and closed 7 lower at 283p, while among Mail-orders, Grattan gave up 6 to 98p.

News of the resumption of interim dividend payments and increased first-half profits prompted an improvement of a penny to 67p, after 68p, in ICL. Awaiting tomorrow's preliminary results, Plessey fell 10 to 210p, among leading Electricals, while falls of 4 and 5 respectively were seen in GEC, 172p, and BICC, 230p. Secondary issues featured JSD Computers, down 10 more for a two-day relapse of 16 at 18p on further consideration of the poor results. Fidelity, despite pleasing annual results, fell 5 to 75p in sympathy with the dull trend. Louis Newmark, however, provided a firm feature, rising 25 afresh to 230p on renewed speculative demand in a thin market.

Signs that the UK's economic recovery is slowing affected sentiment in the Engineering sector. Sellers appeared and widespread falls ensued. Hawker, 14 down at 428p, led the retreat of the leaders where TI gave up 6 to 244p as did Babcock to 152p. Elsewhere, Hallite dropped 10 to 180p and Haden fell 8 to 188p.

Marked up to 570p on the better-than-expected preliminary results and 100 per cent scrip issue, J. Sainsbury subsequently succumbed to the general market malaise and closed 3 cheaper on balance at 547p. The surprise termination of director Mr John Fletcher's contract unsettled Associated Dairies which fell 10 to 160p. Among other Foods, recently firm Ranks Hovis McDougall, shed 7 to 87p on disappointment with the interim results. Takeover favourite Rowntree Mackintosh reacted 10 to 264p and S. and W. Berisford gave up 7 to 188p.

Half-year profits at the top of the range helped casino to hotels concern Stakis improve a couple of pence to 123p, after 125p.

AB Ports fall

Double-figure falls were commonplace among the miscellaneous industrial leaders. Glaxo lost 17 to 818p, Unilever 15 to 885p and BOC declined 11 to 261p, while Pilkington gave up 10 at 280p. Boots, however, displayed some resilience, closing only a penny cheaper at 176p with sentiment here still helped by the clearance given to its Ibuprofen drug for over-the-counter sales in the U.S. and hopes of good preliminary results from the company today. Elsewhere, Associated British Ports dropped to 227p before finishing a net 22 down at 236p with the new nil-paid shares 10 lower at 72p following the chairman's profits warning at the annual meeting.

Motor Distributors continued to present a mixed profile. Caffyns again attracted speculative support and firmed 4 for a two-day gain of 12 at 134p, but British Car Auction succumbed to persistent sellers and gave up 6 at 100p. Lex Service also lacked support and touched 410p, before settling a net 7 cheaper at 413p.

Sporadic selling of leading Properties abated and prices moved off the day's lowest to close with only minor falls on balance. Land Securities settled 3 cheaper at 270p, after 268p, while MEPC, interim figures due next Wednesday, eroded just a penny off at 276p, after 274p. Stock Conversion slipped 5 to 330p and Great Portland Estates softened a couple of pence to 150p.

Textiles followed the general trend. Courtaulds shed 4 to 141p, despite a bullish circular from brokers Phillips and Drew, while Nottingham Manufacturing, the subject of vague takeover rumours recently, gave up 6 to 248p. Good preliminary figures and an increased dividend failed to inspire Parkland Textile which fell 9 to 107p. Atkins Brothers shed 7 to 125p in a sensitive market and Sirdar lost 4 to 143p.

Oils lose ground

Oils came under pressure from the outset and generally closed at the day's lowest levels. BP were a major casualty and dropped 15 to 525p while Shell dipped 11 to 693p, LASMO 12 to 315p, Ultramar 10 to 615p and Tricentrol 8 to 218p.

Irish issues suffered from profit taking which left Eglinton Oil and Gas 12 cheaper at 233p and Bryson Oil 5 off at 710p, after a year's best of 720p.

Among Australians Weeks Australia slumped 25 more to 63p—a two-day fall of 38—following news that the Jabiru 2 well drilled in the Timor Sea has failed to encounter hydrocarbons.

Dealings in a number of Malaysian Rubbers resumed in London following the outcome of discussions between Harrisons and Crosfield and Permodalan Nasional. H and C, via its Harrisons Malaysian Plantations offshoot is offering shares or cash for Castlefield (Klang), £11¼, Holyrood, £78, Kuala Selangor, 700p, and Sungei Bahru, 723p; via a scheme of arrangement, HMP also intends to take control of Doranakande, 363p, Kinta Kellas, 385p, Malaysia Rubber, 365p, and Sungei Bahru, 338p. H and C closed a fraction firmer at 738p, while HMP touched 140p before closing 6 cheaper on balance at 128p. The developments directed attention towards other Plantations, although levels of inquiry were not matched by actual business. Rowe Evans added 3 to 82p, after 85p.

Golds easier

Mining markets came under substantial selling pressure in the wake of the downturn in UK and American markets.

South African Golds were persistently sold, despite the steadiness of the bullion price which closed a net 25 cents firmer at $380 an ounce.

Johannesburg and European operators were unnerved by the sharp falls in London and the U.S. overnight and share prices retreated from the outset.

The Gold Mines index dropped 7.2 to 655.2.

Among the heavyweights Vaal Reefs remained a weak market and dropped £1¼ more to £89½ while Southvaal gave up ¾ to £45¾ and Driefontein a half-point to £26⅛. Hartebeest fell £1¼ to £57¼ ahead of the final dividend due next Tuesday along with declarations from Zandpan, 14 off at 936p and East Transvaal Consolidated which held at £18½.

Financials were an exceptionally weak market, especially the London domiciled issues which reflected a poor showing by base-metal markets and the weakness of domestic equities. RTZ closed a net 20 lower at 603p, Consolidated Gold Fields were 17 off at 545p and Charter Consolidated 7 down at 223p. Hampton Areas gave up 9 to 218p.

South African Financials, however, provided a number of firm features, including Anglo American Corporation which hardened ⅛ to £12⅜ ahead of the preliminary figures expected on June 4, while Gold Fields of South Africa rose a full point to £15¾. De Beers remained a weak market and dropped 8 more to 520p.

Australians continued to retreat in the wake of local and U.S. markets. The leading issues were persistently sold and featured Western Mining, 9 off at a year's low of 216p, CRA, 2 down at 328p and MIM Holdings which gave up 3 to 193p. In Golds Gold Mines of Kalgoorlie fell 15 to 600p, while Bougainville dipped 6 to 143p.

Operators displayed renewed enthusiasm for Traded Options with the fall in London equities directing attention towards put positions. Total contracts struck amounted to 6,396, comprising 4,120 calls and 2,276 puts. Another useful two-way business developed for Grand Metropolitan which attracted 368 calls, 201 in the October 330's, and 157 puts, while among Oils, Lasmo recorded 339 calls, with 264 transacted in the August 360's. Much of the increased demand for puts was attributable to Lonrho which attracted 617 trades, with the February 130's accounting for 225. Interest revived for the FTSE 100 Index and 1,034 calls and 296 puts were recorded.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (20)

CHEMICALS (1)
Anchor Chemical
ELECTRICALS (3)
Tollin Electronics — Systems Designers
Newmark (Louis)
ENGINEERING (1)
Deritend Stamping
FOODS (2)
Glass Glover — Sainsbury (J.)
INDUSTRIALS (6)
Brammer — Macfarlane
Emray — Sandhurst Marketing
London & Northern — Siebe Gorman
INSURANCE (1)
Heath (C. E.)
PROPERTY (1)
City Site Estates
TEXTILES (1)
Illingworth Morris A
TRUSTS (1)
Antofagasta
OILS (1)
Bryson Oil & Gas
PLANTATIONS (1)
Castlefield
MINES (1)
Jantar

NEW LOWS (219)

BRITISH FUNDS (42)
INT. BK. & O'SEAS GOVT. STLG ISS. (1)
CORPORATION LOANS (9)
LOANS (1)
AMERICANS (5)
BANKS (5)
BUILDINGS (6)
CHEMICALS (2)
STORES (3)
ELECTRICALS (9)
ENGINEERING (15)
FOODS (6)
INDUSTRIALS (27)
LEISURE (4)
MOTORS (2)
NEWSPAPERS (1)
PROPERTY (8)
SHIPPING (1)
TEXTILES (4)
TRUSTS (48)
OILS (7)
PLANTATIONS (2)
MINES (11)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	87	12
Corpns. Dom. and Foreign Bonds	1	29	50
Industrials	101	768	536
Fin. and Props.	27	322	171
Oils	7	51	62
Plantations	6	5	5
Mines	16	71	86
Others	38	72	117
Totals	201	1,405	1,043

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▪ Allotment letters (or fully-paid). ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc. British Ports	236	−22
Assoc. Dairies	160	−10
Barratt Devs.	104	−4
BP	525	−15
ICI	566	−24
LASMO	315	−12
R H M	87	−7
R.T Z	603	−20
Sainsbury (J.)	547	−3
Shell Transport	693	−11
Tricentrol	218	−8
Willis Faber	837	+2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 21	June 8	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24
June 25	July 6	Sept 27	Oct 8

For rate indications see end of Share Information Service.

Money was given for the call in Suter, Petrogen, Amalgamated Estates, Aran Energy, Lister, Charterhouse, J. Rothschild, Lonrho, Robertson Research, Booker McConnell, Selincourt, Arthur Guinness, Dufay Bitumastic, James Neill, Pauls and Whites, Adam Leisure, Premier Oil, Automotive Products, Sunmask Petroleum, Asia Oil S. & W. Berisford, Berkeley and Hay Hill, British Petroleum, Davy Corporation, P & O Deferred, and Gestetner A. Puts were arranged in Berkeley and Hay Hill, GEC and Cornell, while doubles were transacted in C. H. Industrials, RHM and GEC.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Espley Trust	20	66	−24
Proedy (A.)	15	131	+11
Polly Peck	18	262	−7
Brikat New	17	175	+15
Brit. Aerospace	15	333	+16
Sist Plun New	14	118	—
Hadland	12	180	+68
Barclays Bank	11	480	+5
BP	11	540	+6
Petranol	11	650	—
Comcap New	10	140	−3
Glaxo	10	835	+5
Sainsbury (J.)	10	550	+10
Sketchley	10	378	+10

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues May 22 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon May 21 Index No.	Fri May 18 Index No.	Thurs May 17 Index No.	Wed May 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	501.17	−2.0	9.52	3.74	13.32	511.24	510.22	514.59	511.39	467.08
2	Building Materials (24)	490.26	−2.2	11.84	4.64	10.51	501.51	502.88	506.12	502.30	426.42
3	Contracting, Construction (32)	704.23	−2.3	13.86	5.35	9.18	720.57	723.92	724.91	722.42	753.10
4	Electricals (14)	1619.05	−1.5	8.27	4.51	15.27	1643.24	1657.81	1675.10	1657.74	1779.90
5	Electronics (28)	1700.64	−2.0	8.37	2.23	15.47	1735.81	1726.69	1741.10	1728.26	0.0
6	Mechanical Engineering (62)	248.45	−1.7	11.17	4.85	11.08	252.80	250.30	252.76	252.30	213.78
8	Metals and Metal Forming (9)	188.00	−1.5	11.31	6.71	11.26	190.78	190.93	195.06	193.08	179.79
9	Motors (17)	136.59	−2.0	5.82	4.40	—	139.36	139.83	141.19	141.31	102.52
10	Other Industrial Materials (17)	675.69	−1.9	6.55	3.55	19.12	688.94	690.28	697.08	691.73	456.43
21	CONSUMER GROUP (194)	510.38	−2.1	10.41	4.19	11.78	521.11	521.69	526.78	524.30	421.12
22	Brewers and Distillers (23)	505.93	−3.7	12.18	4.81	10.14	525.50	525.18	535.10	536.07	458.59
25	Food Manufacturing (22)	387.41	−2.0	14.23	5.60	8.60	395.31	393.50	397.65	394.01	320.22
26	Food Retailing (12)	1180.96	−1.9	7.16	2.49	17.98	1203.98	1191.01	1195.31	1185.51	870.69
27	Health and Household Products (9)	782.80	−1.7	6.19	2.99	19.13	796.20	796.55	806.37	805.84	813.76
29	Leisure (23)	642.11	−1.8	9.18	4.45	14.05	653.88	657.18	663.09	660.85	533.55
32	Newspapers, Publishing (13)	1345.67	−1.8	7.39	4.01	16.57	1369.95	1367.04	1362.72	1356.09	826.80
33	Packaging and Paper (15)	254.60	−1.7	10.18	4.14	11.58	259.02	260.88	265.83	264.77	155.81
34	Stores (46)	466.43	−1.9	8.51	3.67	15.51	475.27	476.47	478.62	471.06	372.95
35	Textiles (20)	291.89	−1.6	10.84	4.20	10.67	296.68	294.84	297.37	294.27	200.11
36	Tobaccos (3)	592.78	−1.1	18.67	6.08	6.05	599.16	611.36	617.74	623.68	412.75
39	Other Consumer (8)	472.01	−2.8	11.45	4.31	—	485.56	481.59	479.77	473.24	384.79
41	OTHER GROUPS (87)	446.26	−2.4	9.81	4.36	12.56	457.10	457.91	462.88	458.72	346.92
42	Chemicals (18)	586.48	−3.5	12.63	5.03	9.84	607.67	608.06	612.45	614.54	480.10
44	Office Equipment (4)	125.14	−2.7	7.65	5.77	17.24	128.68	128.46	130.86	130.10	97.78
45	Shipping and Transport (14)	872.22	−1.8	8.26	4.96	14.97	888.41	889.32	903.46	902.42	723.20
46	Miscellaneous (51)	623.90	−1.6	8.06	3.62	14.88	633.97	635.91	643.31	630.38	458.13
49	INDUSTRIAL GROUP (484)	502.98	−2.1	10.03	4.08	12.36	513.59	513.71	518.61	515.58	423.13
51	Oils (16)	1170.99	−2.4	12.48	5.77	9.92	1199.54	1180.23	1177.99	1146.55	871.81
59	500 SHARE INDEX	558.98	−2.1	10.47	4.38	11.64	571.18	569.64	573.93	568.48	465.16
61	FINANCIAL GROUP (120)	370.11	−1.5	—	5.73	—	375.67	375.50	378.10	378.78	316.89
62	Banks (6)	367.99	−1.8	24.87	7.71	4.73	374.80	374.59	376.53	383.37	350.47
63	Discount Houses (7)	460.19	−1.5	—	6.59	—	466.29	467.82	467.65	468.26	291.22
65	Insurance (Life) (9)	469.29	−1.0	—	5.68	—	473.93	469.64	474.34	472.80	401.21
66	Insurance (Composite) (9)	269.06	−2.0	—	6.53	—	274.53	274.77	276.07	275.73	207.92
67	Insurance (Brokers) (6)	735.74	−0.4	9.71	4.58	14.30	738.93	737.14	737.75	743.45	561.31
68	Merchant Banks (12)	223.90	−2.6	—	4.40	—	229.78	231.20	232.99	232.09	164.87
69	Property (53)	555.34	−1.0	5.52	3.72	24.30	560.93	561.08	566.37	561.72	466.32
70	Other Financial (18)	242.01	−1.4	11.75	5.67	10.27	245.35	246.61	248.66	248.59	241.70
71	Investment Trusts (106)	486.40	−1.5	—	3.72	—	493.60	495.41	501.16	501.23	414.19
81	Mining Finance (4)	291.70	−3.2	9.85	5.14	12.19	301.19	298.88	303.70	297.78	290.62
91	Overseas Traders (16)	558.14	−0.8	8.23	6.65	16.03	562.90	562.92	563.01	555.15	442.15
99	ALL-SHARE INDEX (746)	510.44	−2.0	—	4.60	—	520.86	519.79	523.81	519.92	428.49

		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1084.6	−24.1	1105.7	1084.5	—	1108.7	1104.9	1113.0	1104.5	0.0

FIXED INTEREST

	PRICE INDICES	Tues May 22	Day's change %	Mon May 21	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	115.66	−0.03	115.70	—	4.95
2	5–15 years	126.71	−0.58	127.46	—	4.92
3	Over 15 years	134.94	−0.72	135.92	—	4.62
4	Irredeemables	144.02	−0.76	145.11	—	6.07
5	All stocks	125.83	−0.44	126.39	—	4.95
6	Debentures & Loans	105.49	−0.34	105.84	—	4.47
7	Preference	78.49	—	78.49	—	2.84

	AVERAGE GROSS REDEMPTION YIELDS		Tues May 22	Mon May 21	Year ago (approx.)
	British Government				
1	Low	5 years	10.97	10.91	9.49
2	Coupons	15 years	10.85	10.75	10.10
3		25 years	10.29	10.21	9.89
4	Medium	5 years	11.73	11.65	11.20
5	Coupons	15 years	11.29	11.17	10.88
6		25 years	10.57	10.48	10.30
7	High	5 years	11.83	11.76	11.27
8	Coupons	15 years	11.44	11.34	11.06
9		25 years	10.66	10.57	10.45
10	Irredeemables†		10.17	10.09	9.91
11	Debs &	5 years	12.10	12.00	12.15
12	Loans	15 years	11.92	11.88	12.10
13		25 years	11.83	11.82	12.10
14	Preference†		12.58	12.58	12.21

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 19,749

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

May 22 Total Contracts 6,396. Calls 4,120. Puts 2,276

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
101¾	100	Treas 12pc 1984	100	+⅛	11.89	6.89
105½	103	Treas 15pc 1985	103	+⅛	14.48	9.82
102¾	101¼	Exch. 12pc Cm. '85	101	+⅛	11.83	9.95
95⅜	93⅞	Treas 3pc 1985	94½	−⅛	3.17	8.90
102⅝	100	Treas 11½pc 1985	101	−⅛	11.39	10.51
99¾	97	Treas 8¾pc Cnv '85	97	......	8.95	10.54
104	101	Exch 12¼pc 1985	102xd	......	12.01	10.74
103	101⅜	Exch 11¾pc '86	101	......	11.58	10.77
102	98	Treas 10pc Cnv 1986	98½	−⅛	10.15	10.87
90¼	88¼	Treas 3pc 1986	89	......	3.37	9.14
102	99⅛	Exch. 10½pc Cv '86	99	......	10.57	10.89
104	101⅝	Treas 12pc 1986	101⅝xd	......	11.81	11.12
98¼	95¼	Treas 8½pc 1984-86‡‡	95	+⅛	8.92	11.01
108	105¼	Exch. 14pc 1986	105	......	13.23	11.16
87¼	85	Exch. 2½pc 1986	85	+⅛	2.91	8.96
107	104	Exch. 13¾pc 1987	104	−⅛	12.70	11.28
100⅞	97	Treas 10¼pc Cv '87	97	−⅛	10.51	11.27
86¼	83	Exch 2½pc 1987	83¼	......	2.99	9.30
101	97¾	Exch. 10½pc 1987	97	−⅛	10.73	11.39
92	89	Funding 6½pc '85-87‡‡	89	......	7.30	10.97
99⅝	96	Treas. 10pc 1987	96½xd	−⅛	10.36	11.40
85	82¼	Treas 3pc 1987	82¼	......	3.65	9.73
105	101	Treas. 12pc 1987	101	−⅛	11.84	11.50
94⅞	89⅞	Treas 7¾pc 1985-88‡‡	90	......	8.61	11.11
100¼	95½	Exch 10½pc '88	97	−⅛	10.82	11.40
98	94¼	Treas 9¼pc Cv '88	94xd	−⅛	10.34	11.56
82	77¼	Transport 3pc '78-88	77¼	−⅛	3.88	9.07
96	93	Treas. 9½pc '88	93	−⅛	10.21	11.53
106¼	99	Treas 11½pc 1989	99	−⅛	11.52	11.53
50	47⅞	Treas 9½pc Cv '89 (£50pd)	47⅞	−⅛	10.23	11.44
Five to Fifteen Years						
103	94⅞	Treas 10½pc 1989	94⅞xd	−⅛	10.97	11.71
100	96¼	Exch. 10pc 1989	97¼	−⅛	10.75	11.81
98	94	Do. 10pc '89 A	94⅜	−⅛	10.74	11.81
85¼	78⅝	Treas 5pc 1986-89	78⅝	−¼	6.40	10.40
112¼	107⅝	Treas 13pc 1990‡‡	109¼	−⅛	12.42	11.62
110⅞	104⅝	Exch. 12½pc 1990	104⅝	−⅛	12.19	11.86
93¼	86⅜	Treas 8¼pc 1987-90‡‡	86⅜xd	−¼	9.49	11.30
98	90⅝	Treas. 10pc Cv 1990	94⅝	−½	10.87	11.79
107	102⅞	Treas 11¾pc 1991	103⅞	−⅛	11.86	11.94
[illegible]	77	Funding 5¾pc '87-91‡‡	77	−½	7.54	10.72
[illegible]	97¼	Exch. 11pc 1991	97¼	−½	11.41	11.75
[illegible]	107⅝	Treas 12¾pc 1992‡‡	108⅜	−½	12.75	11.89
[illegible]	94⅝	Treas 10pc 1992	94⅞	−½	10.88	11.50
111	104¼	Exch. 12¼pc '92	104⅝	−½	12.08	11.96
117⅞	109¼	Exch 13½pc 1992	109¾	−½	12.56	12.03
113	107¾	Treas 12½pc 1993‡‡	108	−⅝	12.07	11.84
[illegible]	73¼	Funding 6pc 1993‡‡	73¼	−⅛	8.30	10.83
121	110½	Treas 13¾pc 1993‡‡	110½xd	−⅝	12.44	11.87
[illegible]	118⅝	Treas 14½pc 1994‡‡	118¾	−⅝	12.56	11.78
[illegible]	109⅞	Exch 13½pc 1994	109⅞	−½	12.40	11.93
[illegible]	106½	Exch. 12½pc 1994	106½	−⅝	12.09	11.91
94½	86½	Treas 9pc 1994‡‡	86½	−½	10.42	11.24
109¼	104⅞	Treas 12pc 1995	104⅞	−⅝	11.89	11.82
64¼	60½	Gas 3pc '90-95	60½	−½	4.97	8.69
99¼	94⅞	Exch. 10¼pc 1995	94⅞	−½	11.21	11.63
117⅞	106⅞	Treas 12¾pc 1995‡‡	106⅞	−⅝	11.96	11.68
122⅝	117¾	Treas. 14pc '96	118	−⅝	12.35	11.84
94¼	87¼	Treas 9pc 1992-96‡‡	87¼	−⅝	10.52	11.23
134⅞	122⅝	Treas 15¼pc 1996‡‡	122⅝	−⅝	12.52	11.80
122¼	110¼	Exch 13¼pc 1996‡‡	110¼	−¼	12.00	11.61
69½	65¼	Redemption 3pc 1986-96	65¼	−⅛	4.58	7.29
120	115⅛	Treas 13¼pc 1997‡‡	115⅛	−⅝	11.94	11.56
104½	96⅝	Exch 10½pc 1997	96⅝	−⅝	11.17	11.39
92½	85⅛	Treas 8¾pc 1997‡‡	85⅛	−⅝	10.49	11.17
134⅝	122⅜	Exch. 15pc 1997	122⅜	−¼	12.37	11.79
95½	91¼	Exch. 9¾pc 1998	91¼	−⅝	10.01	11.29
78	71	Treas 6¾pc 1995-98‡‡	71	−½	9.56	10.90
138⅝	128⅝	Treas. 15½pc '98‡‡	128⅝	−¼	12.27	11.66
115	103⅞	Exch. 12pc 1998	103⅞	−¼	11.56	11.45
96	92¼	Treas 9½pc 1999‡‡	92¼	−½	10.70	11.06
116¼	107¼	Exch. 12¼pc 1999	107¼	−⅞	11.58	11.42
104½	95	Treas. 10½pc 1999	95	−⅝	11.07	11.21
Over Fifteen Years						
102½	93	Convers'n 10¼pc 1999	93	−⅝	11.02	11.21
121½	116¼	Treas. 13pc 2000	116¼	−⅞	11.59	11.34
128½	116¼	Treas. 14pc '98-01	116¼	−⅞	12.00	11.56
113	108⅝	Exch. 12pc '99-02	108⅝	−⅞	11.47	11.31
98⅞	94¼	Conv. 10pc 2002	94¼	−⅝	10.68	10.81
126¼	121¼	Treas. 13¾pc 2000-03	121¼	−¼	11.73	11.38
114⅞	106	Treas. 11½pc 2001-04	106	−¼	11.06	10.97
50	47¼	Funding 3½pc '99-04	47¼	−¼	7.61	9.61
123⅝	112½	Treas. 12½pc 2003-05	112⅝	−⅞	11.11	10.92
87¼	80⅜	Treas. 8pc 2002-06‡‡	80⅜	−⅝	10.09	10.39
115⅝	110½	Treas. 11¾pc 2003-07	110½	−⅞	11.03	10.91
132¼	122⅝	Treas. 13½pc '04-08	122⅝	−⅞	11.21	10.94
64⅞	59¼	Treas. 5½pc 2008-12‡‡	59¼	−½	9.48	9.99

[illegible]

Undated

[illegible]

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COMMONWEALTH AND AFRICAN LOANS

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[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
167	134	Macfarlane Gp.	167	+2	3.87	2.6	3.1	11.5
45	37	Maclellan 20p	42	.....	1.0	ϕ	5.6	ϕ
127	94½	Macpherson (D.)	127	.....	ϕ2.25	0.1	2.5	—
64	53	Magnolia Group	53	.....	2.5	1.2	6.7	5.2
64	41	Mainwell Hldgs 10p	47	.....	—	—	—	50.0
270	132	Man. Ship Can. £1	257	–3	5.5	3.5	3.1	11.7
95	78	Marley	83	–2	3.2	2.1	5.5	11.6
50½	40	Marling Ind. 10p	48	–1	†1.08	1.7	3.2	(21.a)
46	29	Marshall L'ey 'A'	38	+1	1.2	3.6	4.5	(6.8)
66	54	Marshall's Univ.	62	+7	—	—	—	22.0
30	22	Martin-Black	22d	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£94	.....	Q7¾%	2.3	9.0	—
379	295	Metal Box £1	362	–6	†11.55	3.2	4.6	7.6
230	179	Metal Closures	206	–12	6.3	ϕ	4.4	ϕ
27	18	Metal Sciences 2½p	19	–1	—	—	—	—
19	9½	Metamec Jentique	9½	.....	8.81	—	—	—
113	90	Midland Marts	93xd	.....	4.0	ϕ	6.1	ϕ
64½	45	Mitchell Cotts	59½	–1½	3.62	1.0	8.9	(15.4)
29	18	Moben Grp 1p	23	–1	0.5	ϕ	3.1	ϕ
£255	£184	M'santo 5pc 82-6	£212	.....	Q5%	—	2.4	—
168	132	Morgan Crucible	159	+2	7.5	ϕ	6.7	ϕ
97	82	Moss (Robt.) 10p	95	.....	†2.0	2.4	3.0	17.6
300	197	NMW Computers	290	–10	6.0	3.0	3.0	16.2
65	57	Nash Inds.	58	.....	4.0	2.2	9.9	6.7
47	30	Neill&Sp'ncer 10p	38	.....	—	—	—	16.4
78	45	New Equip 10p	70	.....	ϕ1.15	6.5	2.3	9.4
55	16	Newman Industs.	22	.....	—	—	—	12.0
31	26½	Do. 10pc Cm. Pf.	24½	–½	10%	—	5.8	—
66	43½	Nolton	43½	.....	1.0	2.9	3.3	15.3
175	150	Norcros	155	–3	67.0	2.3	8.3	9.3
86	66	No-Swift 5p	68	.....	—	—	—	13.3
100	75	Oakwood Grp.	75	.....	d6.9	—	12.4	—
190	159	Office & Elect.	160	+1	7.5	2.8	6.9	6.9
875	700	Oriflame Intl SA	850	.....	Q53c	2.2	4.2	10.6
46	35	Ovenstone 12½c	40	.....	Q4.5c	ϕ	6.4	ϕ
£146	£128	Ozalid Fin. Cv.	£131½	–1½	Q9%	—	7.1	—
190	157	PCT Grp 10p	190	.....	bϕ4.8	ϕ	3.5	ϕ
110	74	PH Industrials	110	.....	ϕ5.0	2.0	6.5	10.9
207	168	Parker Knoll 'A'	182	–2	8.5	3.0	6.7	6.0
265	212	Pauls & Whites	240	–8	8.0	3.5	4.8	6.6
590	405	Pearson (S.) & Son	580	–10	14.0	2.7	3.4	13.3

LEISURE—Continued

1984 High	Low	Stock	Price
38	17	Nimslo Int 20c	23
145	117	Norton Opax 10p	140
		For Our Price see	
31½	24	Owners Abroad	28
66	35	Photax (Lon.)	52
130	95	Pineapple Dnc St 10p	103
420	312	Pleasurama 5p	333
158	110	Radio City 'A' N/V	120
70	61	Radio Clyde N/V	62
148	103	Riley Leisure 10p	103
118	95	Saga Hols 20p	99
390	290	Samuelson Grp £1	355
27½	23	Sangers Photo 10p	23
164	98	Scott. TV 'A' 10p	156
280	186	SeaCo Inc.	252
35	20	Select TV 10p	20
37	24	TSW 5p	33½
150	79	TVS N/Vtg 10p	135
30	22	Television Svcs 10p	27½
90	20	Tottenham Hotspur	71
147	120	Trid'nt TV 'A' 10p	141
168	168	21st Century Dist	105
197	115	Tyne Tees TV 'A' £1	195
166	107	Ulster TV N/V 'A'	152
25½	10	Webb (Jos.) 5p	21½
98	88	Zetters 5p	92

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price
76	52	BL 30p	61
66	50	Coleman Milne 10p	55
255	251	Gen. Mts. Units	255
385	294	Honda Motor Y50	339
85	55	Lotus Car 10p	69
44	20	Reliant Motor 10p	42
£46½	£37¼	Volvo Kr50	£43¼

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
175	115	Colby Res Corp.	120	+5	—	—	—
953	740	Cons. Murch. 10c	865	.....	100c	1.4	0.6
£20	£15	Eastern Trns. Ons. 50c	£18⅝	.....	Q85c	4.9	2.5
		For Echo Bay Mines see Canadians					
252	203	Hampton Areas 10p	218	–9	3.75	2.1	2.5
205	170	Highwood Res.	180	.....	—	—	—
£24½	£19⅝	Homestake Mining $1	£21¼xd	–⅛	Q20c	—	0.7
365	275	Northgate C$1	295	+10	—	—	—
718	593	RTZ	603xd	–20	18.0	ϕ2.6	4.3
£155½	£130	Do 9¼pcLn '95-2000	£134½xd	–3	Q9¼%	ϕ	(7.5
110	60	Sabina Inds C$1	62	.....	—	—	—
£11⅛	925	Tara Exptn $1	925	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(5).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ★ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- ∮ Forecast Dividend; cover on earnings updated by latest interim statement.
- ‖ Cover allows for conversion of shares not now ranking for Dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous Dividend, P/E ratio based on latest annual earnings. u Forecast Dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex Dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin 13% 97/02	£93¼	.....
Albany Inv 20p	80	.....	Alliance Gas	70	.....
Craig & Rose £1	800	.....	Arnotts	233xd	.....
Finlay Pkg. 5p	47	.....	CPI Hldgs	85	.....
Higsons Brew	90	.....	Carrol Inds.	138	–4
Holt (Jos) 25p	880xd	.....	Hall (R. & H.)	65	.....
IoM Stm. £1	137	.....	Heiton Hldgs.	24	.....
			Irish Ropes	42	.....
IRISH			Jacob (W. & R.)	67	.....
Exch. 12% 1985	£99	.....	TMG	50	.....
Nat. 9¾% 84/89	£89	.....	Unidare	83	.....

OPTIONS — 3-month call rates

Industrials		Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg.	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lots'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	20	**Oils**	
Burton Ord.	22	Midland Bk	36	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22	Charter Cons	24
Grand Met	30	Tesco	16	Cons Gold	58
GUS 'A'	55	Thorn EMI	55	Lonrho	12
Guardian	50	Trust Houses	18	Rio T Zinc	60
GKN	20	Turner Newall	10		
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

Colonial Mutual Group
24 Ludgate Hill EC4P 4BD. 01-248 9861
Capital Life Assurance

$ av InvFd	—	131.09	....	—
PcmkrInvFd	—	132.91	....	—
Equity Fd	134.91	141.70	....	—
FxdIntFd	111.72	117.60	....	—
Prppty Fd	114.47	120.49	....	—
Cash Fd	102.91	108.33	....	—
ManagdFd	130.58	137.45	....	—

Col Mut Life (Pension Annuities)

ManCpA.B	123.23	129.72	....	—
ManInvA.B	124.64	131.21	....	—

Commercial Union Group

[illegible]

Int Eq	99.6	104.9	−1.7	—
Property	98.1	103.3	..	—
Fixed Int	94.6	99.6	−0.6	—
IndxLkdGt	92.2	97.1	−0.6	—
Cash	98.0	103.2	..	—

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

Equity Acc	189.9	199.9	....	—
Propty Acc	164.4	173.1	....	—
Int Acc	150.1	158.0	....	—
ManagdAcc	175.3	184.5	....	—
Spec Sits	132.2	139.2	....	—
PenIntAcc	146.1	153.8	....	—
PenPrpAcc	184.9	194.7	....	—

[illegible]

Offshore & Overseas—continued

[illegible]

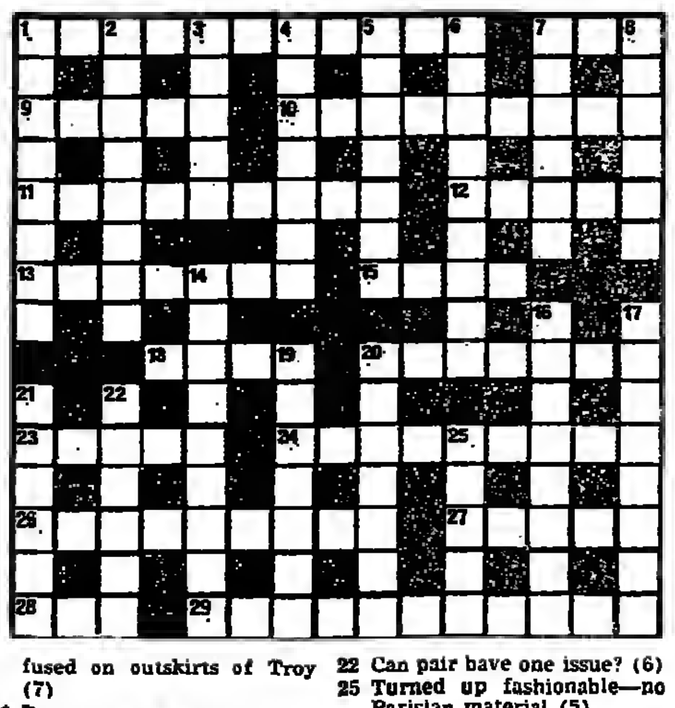
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,423



ACROSS

1 Mere dealing could be trickery (11)
7 Actors admit part is melancholy (3)
9 It is clear I go in to design (5)
10 Radio programme once got on for success (4-5)
11 Ambassadors upset, as I told P.M! (9)
12 Spy gets information during a first tryst (5)
13 For example, article not returned showing ships capacity (7)
15 The old get around all right with frame (4)
18 Second home for Diogenes is the fag-end (4)
20 Assembly of ten scold new member (7)
23 Greeting about right for letter (5)
24 Under canvas no-one rejected concept (9)
26 Erratic sail speed may annoy (9)
27 The Highwayman creator heard a din (5)
28 Pale cob beading off (3)
29 Lancashire port vessels in 1745 battle (11)

DOWN

1 One friend comes up with fruit to pelt (8)
2 Avaricious to grab hold of gin cocktail (8)
3 Party supports boy providing music (5)
4 Couple after me lifted up to hug (7)
5 Pardon names being confused on outskirts of Troy (7)
6 Race-course game (9)
7 Small seal makes an impression (6)
8 Give fellow a note (6)
14 Behind queen many drink—an unexpected sequel! (9)
16 Scholars with one student—one about to see palace (8)
17 Boxers perhaps — they're very attractive (8)
19 Vessel gets help we hear from troops (7)
20 Beg kind of specialist to amend rate (7)
21 Follow fish on line right away (6)
22 Can pair have one issue? (6)
25 Turned up fashionable—no Parisian material (5)

Solution to Puzzle No. 5,422

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INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum	134 9	142 0	-1 8	—
Do Initial	128 7	135 5	1 7	—
Universal Tec. Acc	85 8	88 3	-0 8	—
Do Initial	82 7	87.1	-0 8	—
Man Pens. Accum.	264.3	278 3	-2 3	—
Do Initial	211 9	225 2	-2 0	—
Gilt Edg Pens. Accum	216.3	227 7	-0 6	—
Do Initial	168 3	177 2	-0.5	—
Money Pens. Accum	197 4	207 8	+0.4	—
Do. Initial	155 0	164.0	+0.2	—

Black Horse Life Ass. Co. Ltd.
340A High St., Chatham 0634 405161

Black Horse Man Fd		262.11	....	—
Managed Inv. Fd.	175.37	184 60	....	—
Property Fd	154.90	163 06	....	—
Fixed Interest Fd	149.66	157 44	....	—
Cash Fd	139 26	146.59	....	—
Income Fd.	202.57	213.24	....	—
Extra Income Fd.	197.87	208.29	....	—
Worldwide Growth Fd.	230.86	243.02	....	—
Balanced Fd.	204.85	215.63	....	—
Smlr Co's & Recy. Fd	232.01	243 17	....	—
Int. Technology Fd	257.53	271.09	....	—
Nth. Amer. & Gen. Fd.	150.97	158.92	....	—
Energy Int. Fd	113.99	119.99	....	—
Pacific Basin Fund	164.31	172.96	....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	121.4	127.8	....	—
Property	125 7	132.3	....	—
Equity	132.8	139.8	....	—
International	135 6	142.8	....	—
Fixed Interest	105 7	111.3	....	—
Deposit	102.4	107.8	....	—
Managed Pen. Cap.	120.6	126.9	....	—
Property Pens. Cap.	126.5	133.1	....	—
Equity Pens. Cap	126 9	133.6	....	—
Intnl. Pens. Cap.	139 6	147 0	....	—
Fixed Int. Pens. Cap.	100.3	105.6	....	—
Deposit Pens. Cap.	98.4	103.6	....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01 628 8131

G 7 Plan Bond Fund	125 1	131 7	-0 5	—
G7 Pln High Yld Fnd	136 1	143.3		—
G7 Plan Far East Fnd	121 7	128.2	-0 3	—
G7 Plan N. Am Fd.	118.3	124 6	-1.8	—
G7 Pln UK&G E Fnd	158 1	166.5	-0 2	—
G7 Pln Wrldwde Fnd	149 9	157 8	-1 1	—
G7 Pension Bnd Fnd.	136 5	143 7	-0 6	—
GT Pen High Yld Fd	157.9	166 3		—
G7 Pen Far East Fd	151.4	159 4	-0.6	—
G7 Pen N. Am. Fd	174 4	183 6	-2 6	—
Pen UK and General	184.8	194 6	-0.2	—
G7 Pen Worldwide Fd	160 6	169 1	-1 1	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	174 7	183.9	....	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		274.3	....	—
Portfolio Fd. Init.		220.8	....	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	289.3	304.6	....	—
Money Fd	159.7	168 1	....	—
Equity Fd.	246.4	259.6	....	—
Fixed Int. Fd.	118.5	124.9	....	—
Property Fd	177.4	186 9	....	—
Managed Pen. Fd.	281.8	296.9	+0.7	—
Equity Pension Fd	173.7	187.3	-5.4	—
Fixed Int. Pen. Fd	167 0	176.0	+0.1	—
High Yield Pen. Fd.	165.8	174 7	+0.2	—
Money Pension Fd	134.0	141.2	+0.2	—
Property Pension Fd	132.9	140.0	....	—
Gresham/Framlington				
American & Gen. Fd.	227.3	239.5	-1.8	—
Income Fd	221.4	233.3	-0.6	—
Int'l. Growth Fd	258.1	272.0	-2.0	—
Capital Fund	230.0	242.4	....	—
Recovery Fund	160.8	169.4	-1 0	—

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

State aid of £8m set for fish market development

BY RICHARD MOONEY

THE GOVERNMENT is to pay £7.9m towards a three-year fish market development programme, Mr John MacGregor, Minister of State at the Ministry of Agriculture, said yesterday.

The total cost of the programma, which will be operated by the Sea Fish Industry Authority, will be £14.05m. The balance will come from income the authority raises by a levy on fish catches.

The Government will provide £1,715m in the rest of this financial year, £2.7m in 1985-86 and £3.5m in 1986-87.

Spending will be divided between four broad headings — sales promotion, orderly marketing, quality assurance and training.

Mr Philip Rettie, the SFIA chairman, yesterday described the government support as generous. He saw it as recognition of British fishing industry not having received the marketing support given to other food products.

Mr John Richman, the authority's chief executive, said the money would be used to step up tha existing sales promotion campaign, improve handling and packing practices and to develop a training more suited to the industry's present needs.

It plans to introduce a quality mark which will be available only to operators observing good handling standards.

Mr Richman said: "Next month we will be mounting a national television campaign to promote herring, a species which is becoming available again after a long absence." This will be followed by other campaigns high-lighting specific species."

● The EEC Commission said scientific evidence suggested member-states should be assigned provisional 1984 herring catch quotas totalling 155,000 tonnes, nearly double the 1983 catch of 83,400 tonnes, reports Reuter from Brussels.

The data confirmed commission projections made this year which estimated a catch of about 150,000 tonnes.

Diplomats said it showed that North Sea herring grounds were recovering faster than expected from overfishing which had led to a ban on herring fishing in most of tha North Sea from 1977 to early last year.

Fisheries ministers agreed in December on how to share this catch among member-states, after a year's wrangling.

The Community still faces a dispute with Norway, however, over how much Norwegian fishermen can catch in waters jointly controlled by Oslo and Brussels.

Aluminium prices move ahead

ALUMINIUM PRICES unexpectedly moved ahead on the London Metal Exchange yesterday. All the other base metal values lost ground.

After opening on an easier note, strong buying from one dealer suddenly came into the market, triggering off stop-loss purchases by speculators.

By the close three months aluminium was £12.5 up at £930.5 a tonne before moving further ahead to £943 in after-hours dealings. In the morning it touched a £914 low.

Lead failed to respond much to news that Amax lead plants' workers in the U.S. had voted for strike action if negotiators fail to agree terms of labour contracts due to expire on May 3t.

An easing in the supply situation depressed cash zinc by £19 to £724.5 a tonne, while the three-month quotation was £8.75 lower at £673.5.

POTATO prices on the London futures market turned sharply downwards yesterday following the recent strong rise. A high level of tendering against contracts in the expiring May position tended to relieve fears about the availability of supplies. The May price ended the day £21.50 down at £286.50 a tonne.

COFFEE futures prices on the London market were trimmed back heavily yesterday morning but rallied towards the end of the day. The July position, which had earlier risen to a 6½-year high encouraged by a shortage of high-quality beans, slipped back more than £50 a tonne at one stage before ending the day £10 down only on balance at £2,497.50 a tonne.

TEA production in India's Tamil Nadu and Kerala states rose to 49.7m kg in this January-April, up from 23m kg in the corresponding period last year, the United Planters Association of South India said.

Welsh farmers besiege Jopling

BY ROBIN REEVES

MR MICHAEL JOPLING, the UK Agriculture Minister, was besieged for three hours yesterday in a West Wales village by more than 300 dairy-farmers protesting at the European Economic Community's milk-production curbs.

Tractors and farm vehicles were used to blockade all exits from the village of Llangadog at the end of a morning of demonstrations during his visit to the area.

In spite of the presence of about 50 policemen the minister's car was obstructed and damaged as he was forced to run the gauntlet from a local creamery to meet Welsh farmers' leaders and to address an all-ticket meeting of farmers in the village community centre.

Thousands of gallons of milk were poured or sprayed, using a slurry tanker, on to the road.

The siege prevented Mr Jopling's departure for two hours and forced him to cancel a Cardiff press conference. The minister decided to return to London immediately.

The blockade was ended after demonstrators were warned that 200 extra police officers would be drafted in from Cynheidre colliery a few miles away. The colliery was yesterday at the centre of a dispute over miners' picketing.

West Wales is the centre of the Welsh dairy industry. It has a higher proportion of small milk producers than most other parts of the UK.

Before leaving, Mr Jopling said he hoped the industry would soon reach a position where it could settle down at the lower levels of production and that this difficult period would pass with the minimum of difficulty.

Wool growers' benefits from textile manufacturing recovery limited

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE 1983-84 season saw the wool/textile-making industry pull out of "one of the deepest and most prolonged recessions" in the post Second World War years. Wool's recovery, however, was likely to be difficult because of increased competition from man-made fibres industries.

A report presented to the International Wool Textile Organisation meeting in Tokyo yesterday said the recovery at the manufacturing end of the industry had brought only limited benefits to the wool farmers.

Taking calendar 1983 as a whole, consumption of wool at the carding process, an early stage in textile production, was only 2 per cent up on 1982. In spite of the improvement, consumption was still 7½ per cent lower than in 1979, the peak of the most recent wool cycle.

The result was that wool had lost ground to man-made fibres for the second successive year.

The report said: "In spite of a very slight overall improvement in wool's performance in the second half of 1983, wool's stake in overall fibre consumption at the carding stage in ten major wool textile manufacturing countries has contracted by 1½ per cent since 1981."

Wool's share of the total fibre market last year in these countries was down to 30½ per cent, its lowest point since the mid-1970s.

Volatility of currencies was an important factor in this drop, especially of the Australian dollar which had appreciated by 15 per cent against a basket of currencies in its main markets.

● The Australian wool market indicator price was forecast to rise 3.5 per cent to an average 500 cents a kilo clean, in the 1984-85 season beginning July 1, from a downward revised estimate of 485 cents for 1983-84, an Australian Wool Corporation economist, Mr Bob Richardson, said in Melbourne yesterday.

He told the Wool Council of Australia's annual conference he expected the market indicator to range between 480 cents and 520 cents a kilo in the season, assuming the indicator floor-price was left unchanged at 470 cents for 1984-85.

Given exchange-rate uncertainty the indicator could be in the lower part of the range and could be below current levels in the first half of the season, he said.

"This assessment, that market prices in 1984-85 will be conditioned by the current floor level, reflects the combined adverse effects of apparel-wool availability rising by 6 per cent and few signs of improved economic conditions being reflected in wool demand," he said.

Demand factors suggested there would be little scope to significantly reduce AWC stocks in 1984-85.

He expected end-season stocks to amount to 1.3m to 1.6m bales, against a forecast 1.2m at the end of this season.

U.S. offers 2m bushels of maize

By Nancy Dunne in Washington

THE U.S. Department of Agriculture will offer 2m bushels of government-owned off-grade maize for sale to exporters who agree to resell the grain overseas.

The maize has been deteriorating in warehouses since President Jimmy Carter's partial boycott against the Soviet Union introduced in 1980.

Mr John Block, U.S. Agriculture Secretary, has often complained that government price supports have raised grain prices so high that they are undercut by other grain producers.

He said that in approving the sale the department was focusing on qualities of grain for export that could be priced competitively in the world market.

The sale of off-quality wheat is also under consideration, according to a department aide. He said wheat was more of a problem, however, because it was accessible and there had not yet been an agreement on definition of low-quality wheat to be offered for export.

He indicated that the export of other, off-quality non-grade commodities like honey has also been proposed.

Tha department has also announced it will make available up to $90m-worth (£65m) of grain to private exporters for resale to drought-stricken African countries.

Private exporters will bid for the grain, acquired by the department through its price-support programmes, and will be required to pay any processing and transportation costs to the importing countries.

Countries receiving the grain must agree the purchases will be additional to normal commercial imports and existing food-aid commitments. Safeguards will be initiated to ensure the shipments are exported to the needy countries, the department said.

Cocoa deal hangs on EEC move

BY ANTHONY McDERMOTT IN GENEVA

THE MEETING of cocoa producers and consumers in Geneva could come to an abrupt halt if the European Economic Community is unable to decide today in Brussels on a united stand on export quotas.

Tha Geneva meeting of 73 states began on May 7 to prepare a replacement for the International Cocoa Agreement. This is due to expire in September. The meeting, due to end on Friday, could be extended, but this depends entirely on the EEC decision.

The 1980 agreement largely relied on buffer stocks but since then there has been broad agreement it should be supplemented by an export quota system.

Ironically neither the main producer, Ivory Coast (360,000 tonnes estimated for 1982-83), nor the largest single consumer, the U.S. (362,000 tonnes in 1982), were parties to the 1980 agreement. Both, however, have been present at the conference.

As a representative of the United Nations Conference on Trade and Development (Unctad), under the aegis of which the conference is held, said yesterday: "At least all tha actors are here."

Mr Denis Bra Kanon, the Ivory Coast Agriculture Minister, speaking for the six main producers — the others being Togo, Nigeria, Brazil, Cameroon and Ghana—said that after all this time, incuding months of preparatory talks in London, the producers did not have a clear idea about what the consumers wanted in terms of building up stocks and price regulation.

The EEC—the world's largest combined consumer (569,000 tonnes in 1981-82)—appeared to be in complete disarray over how a variation of the export quota system could work.

PRICE CHANGES

In tonnes unless stated otherwise	May 22 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1285/1015	—15	$1410/440
Copper			
Cash h Grade	£1010.75	—8	£1084.5
3 mths	£1028.25	—7	£1102.25
Cash Cathode	£1015.5	—6.25	£1084
3 mths	£1026.25	—5.25	£1095.5
Gold troy oz.	$378	—1.75	$383.75
Lead Cash	£334	—9.5	£332
3 mths	£334.25	—5.5	£340.5
Nickel	£4988	......	£4896
Free Mkt	215/255c	+3	217/257c
Palladium oz	$154.25	—1.75	$162.50
Platinum oz	$389.50	—2	$398.25
Quicksilver†	$280/305	—10	$315/318
Silver troy oz	653.70p	—5.75	660.65p
3 mths	668.35p	—3.90	674.50p
Tin cash	£9057.5	—15	£8677.5
3 months	£8967.5	+7	£8879
Tungsten	$83.20	......	$83.51
Wolfram 22.04lb	$86/90	......	$84/88
Zinc	£724.5	—18	£704.5
3mths	£673.5	—8.75	£632.5
Producers	$1050/1090	......	$1050/1090

	May 22 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1625w	+20	$1175
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$1000y	+20	‡
Seeds			
Copra Phil	$840x	—20	‡
Soyabean (U.S.)	$356.75z	—1.25	$327.75
Grains			
Barley Fut. Sep.	£106.85	—0.15	£106.90
Maize	£147.50	......	£148.75
Wheat Fut. Jly.	£127.15	+1.40	£129.85
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£2119	—21	£1059
Futures Jly	£2055.5	—21	£1694
Coffee Ft. Jly	£2497.5	—10	£2074.5
Cotton A Index	89.90c	+0.25	89.30c
Gas Oil June	$249.25	—4	$243.5
Rubber (kilo)	69.75p	+0.75	74.5p
Sugar (raw)	£115wv	+3	£111.5
Woolt'ps 64s	475p kilo	......	470p kil

‡ Unquoted. z June. v July. w May-June. x June-July. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Gas oil opened about $1 lower and dropped further as physicals weakened. After reaching the lows on the re-opening, the market rallied by $1 and settled into a narrow trading range for the rest of the afternoon, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.05	+0.07
Iranian Light	28.10-28.20	+0.05
Arab Heavy	27.10-27.20	—0.08
North Sea (Forties)	20.65-30.70	—0.45
North Sea (Brent)	20.75-30.10	—0.31
African (Bonny L'ht)	28.70-30.25	—0.15

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	280-286	+8
Gas Oil	249-253	—4
Heavy fuel oil	187-191	—0.6

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	247.00	—3.25	249.25-48.25
June	249.25	—4.00	252.25-48.25
July	250.70	—3.50	255.50-49.50
Aug	252.25	—3.25	254.50-50.75
Sept	254.50	—2.75	256.00-55.00
Oct	256.00	—4.50	257.25-54.00
Nov	259.00	—1.75	259.00
Dec	260.00	—2.25	250.00-58.50
Jan	263.20	—1.00	—

Turnover: 2,415 (1,763) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1½ to $377½-378½ on that London bullion market. It opened at $380-380½ and was fixed at $379.15 in the morning and $379.50 in the afternoon. The opening level was the high point of the day and the metal touched a low of $377¼-377¾.

In Paris the 12½ kilo gold bar was fixed at FFr 102,300 per kilo ($377.15 per ounce) in the afternoon, compared with FFr 102,300 ($377.08) in the morning, and FFr 103,700 ($379.61) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,585 per kilo ($380.50 per ounce) against DM 33,870 ($381.03), and closed at $379½-379¾ compared with $380½-380¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $379.75 per ounce against $380.30.

In Zurich gold finished at $379½-380 compared with $380½-380¾.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
May	—	—	—
June	380.50-80.80	—1.20	381.50-80.00
Aug	387.50-87.80	—1.30	388.20-87.90
Oct	395.20	—	—
Dec	403.10-03.60	—0.90	—
Feb	411.10-11.70	—1.40	—

Turnover: 535 (674) lots of 100 troy ounces.

	May 02		May 21	
Gold Bullion (fine ounce)				
Close	$377¾-378¼	(£278-272½)	$379½-380	(£272¾-273¼)
Opening	$380-380½	(£272¾-273¼)	$370-370½	(£272-272½)
Morning fixing	$378.15	(£272.809)	$380.3e	(£970.848)
Afternoon fixing	$378.50	(£272.566)	$380.70	(£273.098)

Gold and Platinum Coins May 88

Krugrnd	$381-301¾	(£281½-283)	King Sov	$90½-92	(£65-66)
½ Krug.	$198¼-901¼	(£142¾-144¾)	Victoria Sov	$90½-92	(£65-66)
¼ Krug.	$101¾-104	(£73¼-74¾)	French 20s	$72¾-74½	(£52½-53¼)
1/10 Krug.	$41-43¼	(£29½-31¼)	50 Pesos Mex	$460-471	(£337¾-339)
Mapleleaf	$390¾-481½	(£281¼-291¾)	100 Cor-Aust	$369-378	(£265¾-207¾)
New Sov.	$80¼-80	(£64¼-64¾)	$20 Eagles	$090-600	(£424¾-432)
½ New Sov.	$53¼-54	(£38¼-38¾)	Noble (Plat.)	$400¾-408	(£288½-291¾)

EUROPEAN MARKETS

Wheat—(U.S. $ per tonne): U.S. two soft red winter June/July 161, Aug 159, Sept 161, Oct 168, Nov 168. U.S. two northern Spring 14 per cent protein May 189, June 186.50, July 184.50, Aug 181, Sept 179, Oct 180.50, Nov 182. U.S. three hard amber durum June 185.50, July 184.00, Aug 183, Sept 160, Oct 183, Nov 185. Canadian one western amber durum Nov 200.

Maize—(U.S. $ per tonne): U.S. three yellow May 165, June 163, July 163.50, July/Sept 161, Oct/Dec 141.50 sellers. Argentine Plate May 167, June 166 sellers.

Soyabeans—(U.S. $ per tonne): U.S. two yellow Gulfports June 350.75, July 352, Aug 353, Sept 327, Oct 293.35, Nov 293.35, Dec 294.60, Jan 298.30, Feb 302.70, Mar 305.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 219, May 220, June/Sept 224, Nov/Mar 219 sellers. Pellets Brazil afloat 218, May 220, June 220, July 220, July/Sept 224, Oct/Dec 233 sellers. Brazil pellets afloat 217, June 218, July 220 sellers. Pellets Argentine afloat 215, May 217, June 219, July 20, June/Oct 222 sellers.

PARIS, May 22.

Sugar—(FFr per tonne): Aug 1391/1393, Oct 1465/1468, Dec 1565/1575, March 1710/1720, May 1770/1789, Aug 1810/1840.

Cocoa—(FFr per 100 kg): May 2350/2420, July 2430 ask, Sept 2465/2466, Dec 2266/2270, March 2221/2245, May 2230 bid, July 2235 bid.

BRITISH COMMODITY PRICES

BASE METALS

COPPER

SILVER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

WEEKLY METALS

COFFEE

GRAINS

PIGMEAT

POTATOES

RUBBER

SOYABEAN MEAL

COCOA

SUGAR

INDICES

WOOL FUTURES

COTTON

MEAT/FISH

AMERICAN MARKETS

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to ease

The dollar lost ground in currency markets yesterday. *Hopes of an early settlement to the West German metalworkers' dispute encouraged some dollar selling as did a 6.4 per cent fall in U.S. durable goods in April.* This was offset by a 0.5 per cent rise in the consumer price index in April, up from a 0.2 per cent rise in March.

The extent of the dollar's fall was limited however with background support provided by continued Middle East tension and the relative strength of U.S. interest rates in comparison with UK and West German interest rates. The dollar closed at DM 2.7440 down from DM 2.7570 against the D-mark and SwFr 2.2670 compared with SwFr 2.2710. It was also lower against the French franc at FFr 8.44 from FFr 8.4750 but improved in terms of the Japanese yen to Y233.35 from Y233.05. *On Bank of England* figures, the dollar's trade weighted index fell to 131.4 from 131.7.

STERLING—Trading range against the dollar in 1984 is 1.4940 to 1.3850. April average 1.4226. Trade weighted index 80.0 against 80.1 at noon and 80.2 at the opening and compared with 80.5 on Monday and 83.5 six months ago.

Sterling opened on a weaker note and lost ground against the dollar and European currencies. It opened at $1.3925 against the dollar and touched a best level of $1.3950 before closing at $1.3885-1.3895, a fall of 25 points. Against the D-mark it slipped to DM 3.8150 from DM 3.84 and SwFr 3.1525 compared with SwFr 3.1625. It was also lower against the French franc at FFr 11.72 from FFr 11.79 and Y324.25 from Y324.50.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. April average 2.6435. Trade-weighted index 125.3 against 125.2 six months ago.

The D-mark was generally firm at the Frankfurt fixing, *rising* against the dollar, sterling, Swiss franc, Japanese yen, and most members of the EMS. The Bundesbank did not intervene when the dollar fell to DM 2.7445 from DM 2.7656 at the fixing. A softer tone to the dollar reflected an easing of Eurodollar interest rates recently, while the D-mark was underpinned by hopes of a settlement of the German metal workers' strike. Sterling declined to DM 3.8160 from DM 3.8520, and the Swiss franc to DM 1.21105 from SwFr 1.2165. Within the EMS the French franc fell to DM 32.530 per 100 francs from DM 32.555; the Dutch guilder to DM 88.90 per 100 guilders from DM 88.95; and the Belgian franc to DM 4.9210 per 100 francs from DM 4.9230. The Irish punt was unchanged at DM 3.0730.

JAPANESE YEN — Trading *range against the dollar in 1984* is 234.80 to 223.10. April average 225.13. Trade weighted index 157.0 against 153.9 six months ago.

The yen improved in active Tokyo trading, as the dollar fell to Y233.30 from Y233.45. Disturbing news from the Middle East about threats to oil supplies as a result of the Gulf War was not a factor yesterday, but the market was cautious ahead of the FOMC meeting on doubts about the future direction of U.S. interest rates. The dollar opened at Y233.80, near the day's peak of Y233.85, but finished above the low of Y233.10. The future direction of the market is expected to reflect interest rates in New York and developments in the Middle East. The D-mark was firm, rising to Y84.74 from Y84.23.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.5188	+1.37	+1.31	±1.5447
Danish Krone ...	8.14104	8.20865	+0.83	+0.77	±1.6425
German D-Mark	2.24184	2.24008	−0.08	−0.14	±1.0642
French Franc ...	6.87456	6.88760	+0.19	+0.13	±1.4052
Dutch Guilder ...	2.52595	2.52053	−0.21	−0.27	±1.4964
Irish Punt	0.72569	0.728869	+0.44	+0.38	±1.6699
Italian Lira	1403.49	1380.62	−1.63	−1.63	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	May 22	Prev. close
Spot	$1.3850-3860	$1.3900-3010
1 month	0.26-0.29 dis	0.26-0.28 dis
3 months	0.82-0.86 dis	0.82-0.85 dis
12 months	3.65-3.72 dis	3.59-3.67 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3865-1.3950	1.3885-1.3895	0.25-0.30c dis	−2.37	0.82-0.87dis	−2.43
Canada	1.7835-1.8040	1.7980-1.7990	0.28-0.35c dis	−2.18	0.99-1.06dis	−2.28
Nethlnd.	4.28-4.31	4.28½-4.29½	1⅛-⅞c pm	2.79	3⅜-3⅛ pm	2.97
Belgium	55.70-55.80	55.71-55.73	15-20c dis	−2.71	43-52 dis	−2.45
Denmark	13.94-14.01	13.95½-13.96½	1⅝-2⅜ore dis	−1.77	5½-6⅛ dis	−1.74
Ireland	1.2390-1.2435	1.2390-1.2400	0.28-0.39p dis	−3.24	0.83-1.00dis	−2.95
W. Ger.	3.80½-3.83	3.81-3.82	1⅛-⅞pf pm	3.14	3⅛-2⅞ pm	3.14
Portugal	193.25-195.00	193.75-194.25	75-220c dis	−9.12	290-715dis	−10.38
Spain	212.75-213.75	213.10-213.30	115-130c dis	−6.89	340-370dis	−6.66
Italy	2,345-2,358	2,349-2,350	12-15lire dis	−6.90	37-40 dis	−6.55
Norway	10.81-10.88	10.83½-10.84½	3⅞-4⅜ore dis	−4.63	9⅛-9⅞ dis	−3.53
France	11.70½-11.76½	11.71½-11.72½	3¼-3¾c dis	−3.58	9⅝-10½ dis	−3.45
Sweden	11.18-11.26	11.20-11.21	1⅝-2¼ore dis	−2.14	4⅛-4⅞ dis	−1.65
Japan	323½-325½	323¾-324¾	0.70-0.60y pm	2.40	2.30-2.20 pm	2.77
Austria	26.70-26.80	26.76-26.80	4⅞-3⅝gro pm	1.93	15⅞-12⅝ pm	2.13
Switz.	3.14-3.16	3.14⅝-3.15⅝	1⅝-1¼c pm	5.47	4⅛-3⅞ pm	5.15

Belgian rate is for convertible francs. Financial franc 78.45-78.55. Six-month forward dollar 1.77-1.82c dis. 12-month 3.65-3.75c dis.

THE DOLLAR SPOT AND FORWARD

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3865-1.3950	1.3885-1.3895	0.25-0.30c dis	−2.37	0.82-0.87dis	−2.43
Ireland†	1.1195-1.1220	1.1200-1.1210	0.10-0.05c pm	0.80	0.19-0.09 pm	0.50
Canada	1.2935-1.2950	1.2945-1.2950	0.04-0.02c pm	0.28	0.07-0.05 pm	0.18
Nethlnd.	3.0830-3.0895	3.0875-3.0895	1.32-1.29c pm	5.07	4.20-4.15 pm	5.41
Belgium	55.10-55.80	55.71-55.73	1-3c dis	−0.43	2 pm-2 dis	—
Denmark	10.03¾-10.06½	10.05¼-10.05¾	1.10-0.60ore pm	1.01	3.00-2.50 pm	1.09
W. Ger.	2.7385-2.7545	2.7435-2.7445	1.25-1.20pf pm	6.36	3.84-3.79 pm	5.56
Portugal	139.30-140.00	139.50-140.00	25-125c dis	−6.44	160-475 dis	−8.94
Spain	153.35-153.60	153.35-153.45	60-10c dis	−5.08	160-180 dis	−4.43
Italy	1,688-1,693½	1,691-1,692	6½-7lire dis	−4.79	16¾-17½ dis	−4.08
Norway	7.7950-7.8125	7.8025-7.8075	1.30-1.80ore dis	−2.38	1.90-2.40dis	−1.10
France	8.4250-8.4500	8.4375-8.4425	0.85-1.15c dis	−1.28	2.00-2.50dis	−1.07
Sweden	8.0625-8.0800	8.0650-8.0700	¼ore pm-¼ dis	—	1.65-1.15 pm	0.69
Japan	232.75-233.85	233.30-233.40	0.93-0.90y pm	4.71	2.99-2.95 pm	5.10
Austria	19.27-19.30	19.27-19.28	7.10-6.60gro pm	4.26	23-21 pm	4.56
Switz.	2.2620-2.2740	2.2665-2.2675	1.49-1.39c pm	7.62	4.38-4.28 pm	7.64

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

May. 22	£	$		£ Note Rates
Argentine Peso	57.76-57.90	41.63-41.69	Austria	26.75-27.05
Australia Dollar	1.5445-1.5465	1.1126-1.1130	Belgium	78.00-78.80
Brazil Cruzeiro	2,122.7-2,136.3	1,526-1,534	Denmark	13.89-14.05
Finland Marka	8.0466-8.0660	5.8050-5.8100	France	11.66-11.78
Greek Drachma	150.65-151.05	108.15-108.45	Germany	3.79½-3.83½
Hong Kong Dollar	10.86-10.871	7.8160-7.8180	Italy	2340-2376
Iran Rial	126.40*	88.75*	Japan	322-327
Kuwait Dinar(KD)	0.41055-0.41085	0.29536-0.29545	Netherlands	4.26¾-4.30¾
Luxembourg Fr.	77.35-77.45	55.71-55.73	Norway	10.79-10.90
Malaysia Dollar	3.2095-3.2155	2.3100-2.3115	Portugal	189-198
New Zealand Dlr.	2.1420-2.1470	1.5450-1.5460	Spain	206-215¾
Saudi Arab. Riyal	4.8910-4.8955	3.5200-3.5205	Sweden	11.16-11.27
Singapore Dollar	2.9270-2.9330	2.1065-2.1080	Switzerland	3.14-3.17
Sth African Rand	1.7770-1.7795	1.2795-1.2810	United States	1.38-1.40
U.A.E. Dirham	5.1020-5.1075	3.6720-3.6730	Yugoslavia	188-212

* Selling rates.

CURRENCY MOVEMENTS

May. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.0	−10.8
U.S. dollar	131.4	+19.8
Canadian dollar	88.8	−3.2
Austrian schilling	116.6	+3.8
Belgian franc	90.1	−11.0
Danish kroner	76.0	−5.4
Deutsche mark	125.3	+7.8
Swiss franc	146.8	+10.8
Guilder	114.8	+4.4
French franc	66.0	−16.5
Lira	48.4	−12.9
Yen	157.0	+13.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.747835	0.587451
U.S. $	2	1.03994	0.815969
Canadian $	11.63	*	1.05595
Austria Sch.	4¼	20.0563	15.7400
Belgian Fr	11	58.0027	45.5168
Danish Kr.	7	10.4566	8.20865
D'mark	4	2.85412	2.24008
Guilder	5	3.21133	2.52053
French Fr.	2½	8.77345	6.88760
Lira	15½	1759.19	1380.62
Yen	5	242.722	190.162
Norwgn Kr.	8	8.12193	6.37598
Spanish Pta.	—	159.525	125.210
Swedish Kr.	8½	8.40158	6.59262
Swiss Fr	4	2.35619	1.85021
Greek Dr'ch	20½	112.662	88.2471

*CS/SDR rate for May 21: not available.

EXCHANGE CROSS RATES

May 22	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.389	3.816	324.3	11.72	3.153	4.295	2349.	1.799	77.40
U.S. Dollar	0.720	1.	2.744	233.4	8.440	2.267	3.089	1692.	1.295	55.72
Deutschemark	0.262	0.364	1.	84.99	3.072	0.826	1.125	615.7	0.471	20.29
Japanese Yen 1,000	3.084	4.284	11.77	1000.	36.14	9.722	13.24	7244.	5.547	238.7
French Franc 10	0.853	1.185	3.258	276.7	10.	2.690	3.663	2004.	1.535	66.04
Swiss Franc	0.317	0.441	1.210	102.9	3.718	1.	1.362	745.1	0.570	24.55
Dutch Guilder	0.233	0.324	0.889	75.54	2.730	0.734	1.	547.2	0.419	18.03
Italian Lira 1,000	0.426	0.591	1.624	138.0	4.988	1.342	1.827	1000	0.766	32.95
Canadian Dollar	0.556	0.772	2.121	180.3	6.517	1.753	2.387	1306.	1.	43.04
Belgian Franc 100	1.292	1.795	4.928	418.9	15.14	4.073	5.546	3035.	2.324	100.0

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	7½-7¾	10-10¼	9-9½	5¾-5⅞	1¼-1½	5¼-5⅜	11⅝-11⅞	14¾-15¾	11-11½	11-11½	5⅝-5¾	8⅞-9⅜
7 days' notice	7¾-7⅞	10¼-10½	9¾-10¼	5¾-5⅞	5-5½	5⅜-5½	11⅝-11⅞	14¾-15¾	11-11⅛	11¼-11½	5¾-5⅞	8⅝-9⅞
Month	8 7/16-8⅝	10 5/16-10 7/16	10⅝-10 15/16	5⅞-6	3⅜-3½	5½-5⅝	11⅞-12⅛	15-16½	11¼-11¾	11⅝-11⅝	6 1/16-6 3/16	10-10½
Three months	9¼-9⅜	11⅛-11¼	11 1/16-11½	6 1/16-6⅛	3⅞-4	5⅞-6	12⅛-12¾	16½-16	11⅝-11⅞	11⅝-11⅞	6⅜-6½	10⅝-11⅛
Six months	9 9/16-9¾	12⅛-12⅜	11 7/16-12⅛	6 5/16-6 7/16	4⅛-4¼	6 1/16-6 3/16	13⅛-13¾	16⅛-16⅝	11⅞-12⅜	11¾-12	6⅜-6½	10¾-11¼
One year	10⅛-10¼	12¾-13	12 1/16-12⅞	6¾-6⅞	4 5/16-4 7/16	6½-6⅝	14⅛-14⅝	16⅞-17⅜	12½-13	11¾-12	6½-6⅝	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 9 13/16-9 15/16 per cent; seven days 10 1/16-10 3/16 per cent; one month 10 11/16-10 13/16 per cent; three months 11½-11⅝ per cent; six months 12⅛-12¼ per cent; one year 12⅝-12⅞ per cent. Long-term Eurodollars two years 13½-13⅝ per cent; three years 13⅝-13⅞ per cent; four years 13⅞-14⅛ per cent; five years 14-14¼ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

FINANCIAL FUTURES

Prices weak

Prices weakened on the London International Financial *Futures Exchange, mainly in* reaction to events in the U.S. Eurodollars for June delivery opened weaker at 88.32 despite a steady start to trading in the cash market. This was the high point of the day, however, and the contract was soon sold, before showing signs of a slight recovery ahead of lunch. Overnight Federal funds opened rather firmer than expected, encouraging the view that the Federal Reserve had intervened fairly aggressively on Monday to drain excess liquidity from the New York banking system. The high level of Federal funds remained the major factor on the day, pushing June Eurodollars down to a low of 88.21, before closing at 88.24 compared with 88.44 previously.

Volume was regarded as encouraging, but traders were surprised at the lack of reaction to a sharp fall in U.S. durable goods orders in April.

Disappointment at the performance of the U.S. bond market overnight also led to a fall in gilt futures. The price for June delivery opened weak at 103-30 and lost ground before stabilising at the chart support point of 103-15. Trading was described as generally featureless, but nervous because of the weakness of sterling against the dollar on the foreign exchanges and the downward drift of cash prices. The June price finished at the day's low of 103-15, compared with 104-06 on Monday.

Three-month sterling futures showed a similar trend, with June delivery closing at the day's low of 90.71, against the previous finish of 90.80, and an opening of 90.77.

The stock index also opened weak and was sold on the decline in the cash market and later selling of equities in New York.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	88.24	88.32	88.21	88.44
Sept	87.34	87.49	87.33	87.64
Dec	86.86	87.00	86.85	87.16
March	86.48	86.63	86.48	86.79
June	86.17	86.31	86.17	86.48

Volume 5,933 (5,703)
Previous day's open int. 13,820 (14,322)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
June	90.71	90.79	90.71	90.80
Sept	90.12	90.18	90.10	90.21
Dec	89.61	89.69	89.61	89.69
March*	89.11	89.22	89.11	89.24
June*	88.60	—	—	88.84

Volume 987 (1,569)
Previous day's open int. 8,630 (8,599)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	103-15	104-01	103-15	104-06
Sept	102-22	103-09	102-22	103-18
Dec	102-05	—	—	103-03
March	101-25	—	—	102-20
June	101-18	—	—	102-05

Volume 3,379 (1,982)
Previous day's open int. 7,772 (7,320)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 20 to 32 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.3910	1.3926	1.3896	1.3942
Sept	1.3985	—	—	1.4025
Dec	1.4090	—	—	1.4117

Volume 33 (19)
Previous day's open int. 2,827 (2,817)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3653	0.3659	0.3649	0.3636
Sept	0.3706	—	—	0.3692

Volume 47 (73)
Previous day's open int. 860 (663)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4427	0.4431	0.4424	0.4423
Sept	0.4518	0.4519	0.4518	0.4513

Volume 77 (400)
Previous day's open int. 1,204 (1,387)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4297	0.4298	0.4297	0.4302
Sept	0.4355	0.4355	0.4354	0.4361

Volume 13 (nil)
Previous day's open int. 288 (288)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	106.75	107.80	106.35	108.55
Sept	106.20	107.00	106.20	108.30
Dec	107.50	—	—	109.60

Volume 762 (359)
Previous day's open int. 672 (674)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	61-21	61-30	61-21	62-03
Sept	61-00	61-08	61-00	61-14
Dec	60-18	60-25	60-18	60-31
March	60-09	60-14	60-07	60-21
June	60-05	60-06	60-02	60-13
Sept	60-00	60-00	59-30	60-07
Dec	59-26	59-26	59-26	60-02
March	—	—	—	59-30

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	89.64	89.69	89.61	89.72
Sept	88.72	88.80	88.72	88.88
Dec	88.20	88.37	88.29	88.46
March	87.96	88.03	87.96	88.15
June	87.73	87.76	87.73	87.61
Sept	87.54	87.56	87.54	87.70
Dec	87.38	—	87.38	87.53
March	87.19	87.19	87.18	87.36

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.37	88.48	88.36	88.51
Sept	87.46	87.56	87.46	87.68
Dec	87.00	87.12	86.98	87.19
March	86.62	86.72	86.62	86.62

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	87.92	88.01	87.91	88.05
Sept	87.00	87.18	86.99	87.21
Dec	86.51	86.65	86.51	86.70
March	86.14	86.24	86.14	86.33
June	85.85	85.90	85.85	86.02

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.3910	1.3945	1.3895	1.3925
Sept	1.3995	1.4030	1.3985	1.4010
Dec	1.4095	1.4120	1.4075	1.4095
March	1.4180	1.4210	1.4160	1.4180

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	65-30	66-02	65-28	66-07
Sept	64-16	64-23	64-18	64-28
Dec	63-13	63-18	63-13	63-26
March	62-19	62-18	62-18	62-31
June	61-29	61-31	61-27	62-09
Sept	—	—	—	61-24
Dec	61-00	61-01	61-00	61-11

MONEY MARKETS

UK rates lower

Interest rates were a little weaker in London yesterday. Short-term rates were influenced by a surplus of liquidity stemming mainly from the payment of gilt dividends. Longer-term rates were also slightly easier despite sterling's softer tone and firmer Euro-dollar interest rates. Three-month eligible bank bills were bid at 8⅞ per cent compared with 8 15/16 per cent and three-month interbank money was quoted at 8¾-9⅛ per cent, unchanged from Monday. Overnight interbank money opened at 6½-7 per cent and eased steadily to touch a low of 2 per cent although late balances were taken nearer 7½ per cent.

UK clearing banks' base lending rate 9-9¼ per cent (since May 10 and 11)

The Bank of England forecast a surplus of around £350m, with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £190m. On the other hand, Exchequer transactions added £475m and there was a fall in the note circulation of £15m. In addition banks brought forward balances £35m above target.

The Bank intervened in the morning and sold £341m of Treasury bills maturing today at 6½-7½ per cent. The forecast was later revised to a surplus of around £400m before taking into account the morning's intervention and it sold a further £58m of Treasury bills maturing today at 6½-7 per cent.

In Frankfurt call money was quoted at 5.5-5.55 per cent. The higher rate reflected demand from some banks to make up the month's minimum reserve requirements. Larger banks are mostly *quite comfortable in this* respect having bid heavily for funds earlier in the month amid growing concern of a possible rise in the West German Lombard rate, currently standing at 5.5 per cent. Nevertheless, borrowing through the Lombard facility was higher on Monday at DM 6.3bn from DM 3.8bn on Friday. *The possibility* of a rise in the Lombard rate appears less likely at the moment, however, with the dollar showing a weaker tendency against the D-mark.

MONEY RATES

May 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.66	11⅛	¾-1½	6¾-6⅞	5.71875	16½-16⅞	7.80	11⅝-11⅞
One month	5.75-5.90	11⅞-12	3⅝-3½	5⅞-6	6.15685	16½-16⅞	11⅝-11⅞	11¾-12
Two months	5.90-6.05	12-12⅛	—	—	—	—	—	12⅛-12⅝
Three months	6.05-6.20	12 1/16-12⅜	3⅞-4	6⅛-6⅜	6.28125	16⅝-17	11⅝-11⅞	12¼-12⅜
Six months	6.20-6.36	12¼-12⅝	—	6⅛-6 7/16	—	—	11⅝-11⅞	12½-12⅝
Lombard	6.5	—	—	—	—	—	—	—
Intervention	—	11¾	—	8⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

May 22 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3-7½	7⅞	8½-8	2-7½	—	—	—	—	—
2 days notice	—	—	7¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	7⅞-7⅝	8	7¾	7-7½	—	—	—	—	—
One month	8⅝-8½	8⅛-8⅝	8½	8¾	8¼-8 7/16	8½	8⅜	8½-8 7/16	8⅝-8⅝	9⅛
Two months	8¾-8⅝	8⅞-9⅛	8⅞	8⅞	8¾-8⅞	8⅝	8 7/16	8⅝	8 11/16-8¼	9⅛
Three months	9⅛-8⅞	8¾-8⅞	9¼	9⅛	8	8⅞	8 7/16	8⅝	8⅞	9⅛
Six months	9⅝-9½	9¼-9⅛	9⅝	—	—	—	—	8⅝	9 5/16-9¼	9⅞
Nine months	9¾-9⅝	9⅝-10	9⅝	—	—	—	—	—	—	—
One year	9⅞-9¾	10⅛-10¼	10⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9	—	8½	10.45-10.55	9-9¼	6¾-6⅞
Two months	9⅝-9¼	—	8⅞	10.85-11.05	9⅝-9⅜	9-9⅞
Three months	9¾-9⅜	—	9¼	11.35-11.45	9⅝-8⅞	8⅞-9⅛
Six months	9⅞-9½	—	9¾	12.0-12.1	10⅛-10⅝	9⅝-9⅞
Nine months	10⅛-10⅛	—	10	12.3-12.4	—	—
One year	10⅜-10⅛	—	10¼	12.6-12.8	10⅝-10⅞	10⅛-10¼
Two years	—	10⅝	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11¼	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period April 4 to May 1 1984 (inclusive): 8.934 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9 per cent from May, 1984. London and Scottish Clearing Bank Rates for lending 9-9¼ per cent. London Deposit Rate for sums at seven days' notice 5¾-6 per cent. Treasury Bills: Average tender rate of discount 8.6564 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-nine months 10 per cent; nine-12 months 10¼ per cent. Under £100,000 9 per cent from May 10. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12½
Broker loan rate	11⅞-11½
Fed funds	10¼
Fed funds at intervention	10⅜

Treasury Bills

One month	9.60
Two month	9.30
Three month	10.01
Six month	10.46
One year	10.67

Treasury Bonds

Two year	93⅝
Three year	99⅛
Four year	95⅞
Five year	94⅞
Seven year	95⅞
10 year	97⅞
30 year	57⅞

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. May 22)

3 months U.S. dollars	
bid 11 1/2	offer 11 5/8

6 months U.S. dollars	
bid 12 1/8	offer 12 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

INTERNATIONAL CAPITAL MARKETS

Cool reception for French utility issue

BY MARY ANN SIEGHART IN LONDON

CAISSE Nationale des Télécommunications, the French utility launched the only oew issue in the Eurodollar bond market yesterday – a $100m seven-year bond with a 13¾ per cent coupon at par. Lead managers are Banque Natiooale de Paris and Credit Suisse First Boston.

In contrast to Export-Import Bank of Japan's popular deal launched on Monday, this issue was less well received and traded at a discount only just within its 1⅞ per cent total fees. Dealers suggested that pricing was appropriate, but that with a weak New York market, there was little buying interest.

Intec's $50m convertible has been priced as indicated by lead manager Nikko Securities. The coupon has been set at 3 per cent and the conversion price Y5,978, compared with yesterday's share price of Y5,380. Nikko quoted the bond at a 2 point discount.

BHF Bank bond average		
May 22		Previous
98.006		98.995
High	1983-84	Low
100.009		93.056

The dollar secondary market quietened down yesterday, with prices closing mixed on the day.

As an indication of the rising coupons in the Swiss franc market, the European Investment Bank yesterday issued a SwFr 100m 10-year public bond with an indicated yield of over 6 per cent. Credit Suisse will set the final terms on Friday.

The Council of Europe is raising Y20bn through a 10-year, 7.5 per cent bond priced at par. Daiwa Securities is lead manager.

Continental secondary markets saw very thin trading with prices rising sligbtly in Germany, but falling by up to ½ point in Switzerland.

Italian T-bill yields fall in strong demand

THE WEIGHTED average yield on three-month Italian Treasury bills fell 0.58 points at the end-May auction to 14.18 per cent, the Bank of Italy said yesterday.

The average weighted price for the bills rose to 96.55 of par from 96.45 at the previous offering a month earlier. Commercial banks and other eligible bidders oversubscribed the L1,500bn ($883m) tranche, offering to buy some L1,881bn worth.

Bidders also oversubscribed the L5,000bn six-month bill offering, asking to buy some L5,782bn worth. They were assigned L4,000bn of the paper while the Bank of Italy bought in the remainder. The bills were sold at a weighted average price of 93.20, equivalent to a 14.47 per cent annual yield and unchanged from their last offering at mid-May.

A tranche of L6,000bn in 12-month bills was also over subscribed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 22.

U.S. DOLLAR STRAIGHTS — OTHER STRAIGHTS — FLOATING RATE NOTES — DEUTSCHE MARK STRAIGHTS — CONVERTIBLE BONDS — SWISS FRANC STRAIGHTS — YEN STRAIGHTS

[illegible]						

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 38

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					